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Annual Report  
*of the*  
GOVERNOR *of* HAWAII  
*to the*  
Secretary *of the* Interior



*A Century of Progress, 1849-1949*

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Annual Report  
of the  
Governor of Hawaii  
to the  
Secretary of the Interior



*Fiscal Year Ended June 30, 1949*

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UNITED STATES  
DEPARTMENT OF THE INTERIOR

OSCAR L. CHAPMAN, *Secretary*

TERRITORY OF HAWAII  
INGRAM M. STAINBACK, *Governor*

UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, D. C.

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# Annual Report of the Governor of Hawaii

Ingram M. Stainback, *Governor*



## INTRODUCTION

The fiscal year ending June 30, 1949, opened in an atmosphere of cautious optimism. There were grounds for believing that labor and management relations had improved; health conditions were good; there was an expanding program of education in the public schools and at the University of Hawaii; a sound basis had been laid for improving custodial institutions; new industries were being formed; prices for Hawaii's basic crops were in the main favorable; a greatly enlarged tourist industry was anticipated; private banking and public finances were sound. There were real grounds for the feeling of optimism and well-being which characterized the outlook of the people.

Some of the conditions which gave rise to this feeling are still present. The fact remains, however, that the fiscal year closed with Hawaii literally fighting for her social and economic existence. This condition has been caused primarily by a deterioration of labor-management relations. On May 1, the 2,000 members of the International Longshoremen's and Warehousemen's Union, after the failure of prolonged negotiations with the stevedoring companies and after the intervention of the United States Mediation and Conciliation Service had failed to reconcile the issue, went out on strike. Sixty-one days later, at the end of the biennium, the strike is still effective.

Outside of the unloading of limited food supplies, there has not been a single cargo of merchandise loaded or unloaded at an island port, and not a pound of Hawaii's products, including such basic crops as coffee, sugar and pineapples, has been transported to the markets of the world.

Steamship service is Hawaii's life line. It cannot survive without this service. A water-front strike in Hawaii is the same as a general strike on the mainland.

In addition to the paralyzing economic losses is the devastating effect on the social outlook of the people. The traditional feeling of friendship and Aloha which has characterized life in Hawaii has been tem-



porarily destroyed. The extreme campaigns waged by labor and management to gain their ends has produced a lack of confidence among the people—a general distrust of motives. While these social losses are less tangible than material losses, they are of even greater significance in the life of a community. The effect of the 85,000 man-days lost in the strike as of June 30, 1949, will be difficult to overcome; the social loss will be even harder to recover.

The strike is still continuing. It is adding daily to an unemployment situation that is already serious. Only the most courageous would dare predict the economic losses and the ultimate effect on the people. There is one thing, however, that stands out unmistakably: The greatest challenge before Hawaii is to find some way to eliminate, or at least to control, this economic warfare which is now causing such staggering losses.

Consequently, it is imperative that the proper agencies of the Federal Government cooperate with the Territory in finding a solution to this perplexing problem.

*Indications of progress.*—In spite of the problem which has been outlined, a review of the year as a whole shows clearly that progress has been made. This is indicated by the reports of departments and institutions which are given below.

## PUBLIC HEALTH

Health statistics indicate continued improvement in the health conditions of Hawaii. For the fourth consecutive year no case of human plague was reported. This is the longest period without plague among human beings since the first cases were recorded in 1899. Only 19 cases of endemic typhus fever were reported, as contrasted with 38 cases the year before. Rodent control and other public-health measures are keeping to a minimum these two rodent-borne diseases. The tuberculosis rate reached an all-time low of 27 per 100,000 population. For the fiscal year 1944, the rate was 54 per 100,000.

Health legislation by the 1949 session of the legislature was constructive. A law was passed which permits any person with tuberculosis to enter a government hospital or other institution for treatment or rehabilitation without payment for such services. Another law provides for the compulsory isolation of persons with active communicable tuberculosis. This law will be used sparingly but should be helpful in gaining the cooperation of those who have tuberculosis in preventing its spread to others.

A model health statistics act was also passed, based upon regulations recommended by the council of State governments. This act deleted a number of anachronisms in the Territorial health statistics laws.



A uniform method of suspending or revoking licenses for the various healing arts which are licensed by the board of health became effective by the passage of individual laws for each of these healing arts.

Three major acts directly affect the activities of this department. The first of these transferred the program for control of Hansen's disease (leprosy) to the board of health. The unsocial and almost criminal practice of complete isolation of patients (which also resulted in isolation of medical and custodial personnel) is being replaced by selective segregation. Arrested cases will be handled on much the same basis as patients who have recovered from any other communicable disease.

Enabling acts were passed for the establishment of a bureau of cancer control and a division of dental health under the board of health. No funds for these two activities were appropriated, however.

Certain new legal responsibilities were assumed by the board of health by the passing of regulations during the year in accordance with the powers conferred upon the board by law. A regulation was adopted governing cross connections in water-supply systems, prohibiting connections or arrangements by which liquids or chemicals of unsafe, unknown, or questionable quality may be distributed or drawn into public water supplies. The board also approved standards and procedures for determining the potability of water supplies.

Regulations covering midwives, originally adopted by the board in 1937, were revised and brought up to date.

The Hawaii County advisory public-health council was organized and succeeded in obtaining the enactment of a meat-inspection ordinance by the board of supervisors of the county of Hawaii.

While advances in public health are aided by legislative action, improvements are brought about mainly by educating the public to understand the importance of preventive measures and to apply them individually. Special educational activities in the health field during the past year are worthy of note.

In the summer of 1948 an institute on environmental sanitation was held in the cities of Honolulu and Hilo, led by Prof. Walter S. Mangold, of the University of California. An intensive review of sanitary principles was given to persons working in this field. The institute received financial support from the public-health committee of the Chamber of Commerce of Honolulu, the Hilo Shippers Wharf Committee, and the Maui Quarantine Tax Fund Commission.

A new curriculum of the health department's school for food handlers was prepared and a program of presentation directly in the eating and drinking establishments of Honolulu was begun. Personal

hygiene on the part of food handlers, taught in their working places, has been emphasized.

Following the annual meeting of the Territorial Medical Association, a series of postgraduate lectures in pediatrics and child psychiatry was held under the auspices of the medical association and the bureaus of mental hygiene and maternal and child health of the health department. Dr. Hugh McCulloch, pediatrician from Chicago, and Dr. Hale Shirley, child psychiatrist from Stanford University, conducted these postgraduate sessions.

The showing of health films by the department of health increased 15 percent over the previous year, with an increase of more than one-third in the number of persons who saw these films the previous year.

The program of the bureau of mental hygiene for the year emphasized education of teachers, student teachers, physicians, public-health nurses, social workers, and ministers in the early recognition of mental difficulties and maladjustments. This included knowledge of the simpler remedial procedures as well as cases requiring professional psychiatric attention. Emphasis was placed by the bureau on meeting the needs of the various child-handling agencies in a community, such as the juvenile court, the department of public welfare, the department of public instruction, the child and family service, and the Catholic Social Service.

The death rate from tuberculosis continued to show a remarkably favorable decline. For the fiscal year ending June 30, 1946, the rate was 55 deaths per 100,000. The next year it dropped to 49, and the following year to 37. Provisional figures for the fiscal year just ended show a death rate from this disease of 27, which is less than half of what it was four years ago and appears to be definitely under that of the United States registration area.

Over 98,000 persons in the Territory had small film chest X-rays taken by survey units. In addition, 15,000 X-rays were taken in health department clinics. The first program of X-raying hospital admissions routinely was started in February 1949 when a small X-ray unit was placed in operating condition in the Territory's largest general hospital, the Queen's Hospital. In spite of the large number of survey X-ray's, new cases of tuberculosis reported for the fiscal year numbered 875, compared with 1,496 the year before and 1,480 for the year ending June 1947.

In the field of nutrition, requests for group teaching by the nutritionists increased materially as did requests for staff education and consultation from social agencies and schools. Reductions in income probably have accelerated this trend. The Tuberculosis Association

of the Territory continued to pay the salaries of the four county nutritionists during the year.

For each of the last 3 years, a new low for deaths from communicable diseases has been recorded. Four consecutive years have now passed without a death from diphtheria in the Territory. Two consecutive years have passed without a death from typhoid fever and 2 years without a single case of typhoid fever in the city of Honolulu. There was only one case of typhoid in the Territory during the year, the lowest ever recorded.

A moderate epidemic of measles occurred. The Red Cross supplied 14,000 units of immune globulin during the epidemic, which was distributed by the health department to all physicians free of charge, and it is believed that this preventive measure was instrumental in keeping the severity of the epidemic down. Out of 8,000 cases reported, there were but five deaths, whereas during the 1937 epidemic, out of nearly 14,000 cases, there were 205 deaths.

There was a noticeable decrease in the number of syphilis and gonorrhea cases reported to the health department for this fiscal year, as compared with the previous year. The number of early syphilis cases decreased from 163 to 75, while the total number of syphilis cases decreased from 727 to 546. There were 1,264 gonorrhea cases reported during the year, compared with 1,351 for the previous year. This is an encouraging trend in the venereal disease field.

The activities of the laboratories of the health department were especially concerned with the problem of food poisoning due to bacteria in the *Salmonella* group. The data collected indicated that those who had been vaccinated with typhoid-paratyphoid vaccine rarely suffered from infection with *Salmonellosis*, group B, whereas such an infection was relatively more frequent in children under 3 years of age who had not been vaccinated. On the other hand, adults with food poisoning were found to be frequently infected with *Salmonellosis*, group C.

In collaboration with the San Francisco office of the United States Food and Drug Administration, the Territory's bureau of pure food and drugs was responsible for apprehending and preventing \$81,000 worth of foreign adulterated foods, drugs and cosmetics from reaching Hawaiian consumers. By participating in the Federal Food and Drug Administration's Nation-wide drug recall program, the bureau was able to apprehend several dangerous drugs.

Many sources of hazardous industrial exposures were uncovered during the year with the aid of regulations passed the previous year by the board of health concerning working places and working condi-



tions. Extensive progress was made in developing a plan for improving atmospheric conditions in air-conditioned enclosures. The new fumigation regulations enabled the department to control adequately a major expansion in fumigation operations in the Territory, which resulted from a requirement of the Federal Government that the fruitfly larvae which might be present in orchids and other foliage be destroyed before these plants and flowers are shipped to the mainland.

Four plague infections in rodents were reported, three from the Hamakua district on Hawaii and one from Makawao district on Maui. For the fourth consecutive year no human cases of plague were diagnosed. A total of 21 cases of endemic typhus fever were reported, giving a rate of 3.9 per 100,000 persons, the lowest rate since the fiscal year 1934 when the disease was first reported in Hawaii. The number of cases reported for the city of Honolulu was 3 as against 14 for the previous year, demonstrating an all-time low case rate of 1.1 per 100,000 persons for that city. The reduction in plague and typhus fever seems to indicate favorable results of the rodent control program in the Territory.

Outbreaks of mosquito-borne diseases in the Pacific area during the year were reported. Yellow fever was reported by the United States Public Health Service in Panama after an absence of 20 years. Japanese B encephalitis was reported for the first time in Guam. Disease-bearing mosquitoes also appeared in new places in the Pacific. The *Anopheles* mosquito was discovered for the first time on Guam and the *Aedes aegypti* for the first time on Wake Island. The *Culex quinquefasciatus* mosquito was found on Palmyra Island, a part of the Territory of Hawaii reported to be free of mosquitoes before the last war. Surveillance and control of mosquito breeding places in the Territory, in and around airports and wharf areas, are being maintained in cooperation with Federal quarantine agencies. The health department mosquito inspectors continued the program of maintaining the *Aedes aegypti* mosquito population in the cities of Honolulu and Hilo below the level where epidemics can occur, according to the best authorities.

A disaster relief plan for public health has been written by the Department of Health and is being coordinated with the plan for the Territory prepared by the adjutant general and his staff of the Hawaii National Guard.

## AGRICULTURE, FORESTRY, FISHERIES AND WILDLIFE

*Income from agricultural resources.*—The pineapple pack for the fiscal year ending 1948 was 10 percent greater than the previous year.

This is the third year when increases have been obtained over the previous year's pack. The estimated value of the pack was \$75,000,000.

There was a decrease of 4 percent in sugar production. The total tonnage manufactured of 96° raw sugar was 835,107 tons. This had a market value of \$101,300,000 or a decrease of approximately \$7,000,000 over the previous year's value.

The production of fresh fruits and vegetables remained in approximately the same volume as the previous year, an amount adequate to meet local demands. The income from this source, however, was approximately \$10,267,180, and increase of 18 percent due to average higher prices.

Taro produced for the manufacture of poi was 12 percent greater than the previous year. This resulted in an ample supply of this staple food at lower prices.

There was a general increase in animal products marketed. Stable or increased prices resulted in an over-all increase of 18 percent in income from this source. The dollar value was \$21,964,520, as compared with \$18,614,000 in 1948.

The volume of cut flowers, particularly orchids, exported to mainland markets continued to increase. Other items such as frozen pineapple chunks, frozen papayas, and fresh papayas entered the export picture in limited amounts.

*Crop pests.*—The three fruitflies now established in Hawaii still head the list of agricultural pests for which satisfactory controls have not been found. The growing export business in orchids was dealt a serious blow during the latter part of the year when the Vanda type orchid was incriminated as a host of the oriental fruitfly, and, as a consequence, shipments were prohibited to mainland markets. A fumigation treatment was devised and approved for Vanda blossoms, and shipments were resumed within 3 weeks after the prohibition order.

The Territorial and Federal agencies expanded their work in fruitfly control. Progress was made in the biological control of the oriental fruitfly through the successful establishment of three parasites obtained from Malaya. There is already some evidence that the activity of these parasites is reducing the fly population. Progress was also made in fresh-fruit treatment prior to shipping to mainland markets with the development of the "rapid run-up method" in vapor-heat treatment. Although this method has not been officially approved, it offers promise.

Mainland interest in the fruitfly problem in Hawaii and its possible relationship to crops grown under subtemperate climatic conditions increased during the year. The State of California sent a joint legis-

lative committee from the State Assembly to investigate the problem in Hawaii. Strong representations were made by agricultural organizations in Hawaii and on the mainland to the Congress for additional funds to combat these pests. The following funds have been appropriated or earmarked for fruitfly work in the United States or Hawaii: Federal appropriation, \$500,000; State of California appropriation, \$399,800; Territory of Hawaii appropriation, \$370,000 under act 122, and \$63,000 to established Territorial agencies.

Cactus is becoming an increasing pasture pest problem on the island of Hawaii. Progress was made during the year in obtaining insects which feed only on cactus and thereby will control its spread. Diseases destructive to the cactus were propagated from sources of infection discovered in the Territory. Work was also started in obtaining a natural control agent for the noxious pasture pest, gorse, which is presently kept under control by manual methods.

No new serious diseases of agricultural crops appeared.

*Animal pests.*—The poultry industry suffered losses in egg production from two outbreaks of Newcastle disease. Mortality, however, was light due to the immediate institution of control methods. The shortage of feeds during the year due to shipping and waterfront strike conditions have caused more serious losses to the poultry industry than any losses from disease.

A vesicular disease was intercepted on a shipload of butcher hogs prior to unloading at Honolulu. Current waterfront strike conditions immobilized the vessel, and it was necessary to slaughter the animals on board ship and place the carcasses in cold storage. Removal from storage and utilization will be under the supervision of veterinarians.

The animal health situation in the Territory continued good throughout the year with the exceptions noted above. The active tuberculosis eradication program was continued, and for the second year the number of animals condemned was less than one-fourth of 1 percent of those tested.

*Forestry.*—The Territorial legislature took the first step ever taken by the Hawaiian government towards appropriating monies to acquire private lands in forest reserves which are essential for a domestic water supply. Increased pressure for home building sites in recent years has caused destruction of forest cover on some important watershed areas.

The Territorial legislature also recognized the values of the forest for recreation through the establishment of a Territorial parks authority. A large proportion of the future development in a Territorial parks program will be on lands presently in forest reserves.



The recreational value in the wild sheep, goats, and pigs which roam the forest reserves and cause damage to the forest cover, was further recognized through the establishment of guide services and trails for hunters to use in obtaining these animals.

*Fisheries.*—The production from the fisheries in Territorial waters continued their postwar upward trend. Fifteen million pounds were landed in the past fiscal year as compared with 14,000,000 the previous year. The entire increase is due to a million and one-half more pounds of tuna used for canning being landed. Unusually stormy weather conditions prevailed for seven months and seriously interfered with fishing operations during those months.

Active experimentation at sea with new fishing techniques was started during the year with the launching and equipping of a research vessel by the Territory. The vessel is well equipped with oceanographic and biological apparatus and will add much to the fund of knowledge relative to the fisheries in the Hawaiian chain.

Surveys were continued of private fisheries in the shoal waters of the Territory preparatory to the government acquiring them by condemnation or purchase for return to the public domain.

The extensive Pacific Ocean fishing investigations program under the Fish and Wildlife Service devoted the year to assembling personnel and fishing data, equipping vessels and making provision for laboratory and office space in Hawaii.

*Wildlife.*—The wildlife resources of the Territory received the attention of biologists working in cooperation with the Fish and Wildlife Service. Additional management areas were established for public hunting, and it is anticipated that this movement will continue to gain favor as a means of providing more hunting recreation. A total of 26,000 acres are now under management development in six areas on five islands.

A project to breed up a captive flock of the nearly extinct Nene goose, a native Hawaiian species, was started with the objective of reestablishing this bird in sanctuaries.

## DEPARTMENT OF PUBLIC WORKS

Despite the crippling effect of maritime strikes for five of the twelve months of the fiscal year, the Territorial public works and highway departments placed under contract 55 projects, with a total value of \$13,661,166.18.

This is nearly three times the 1947-48 total dollar volume and more than four times that of any previous year. Work was divided by types as follows:

Type	Number of contracts	Contract amounts
Buildings and flood control.....	21	\$7,382,792.45
Federal-aid highways.....	28	5,574,945.59
Airports.....	6	703,428.14
Total.....	55	13,661,166.18

A significant trend during the last 4 months has been keener competition between contractors, which has resulted in construction costs generally lower than those of the previous year. A great reduction in the volume of private construction has been largely responsible for this trend, rather than any important reduction in costs to the contractors.

In the Territorial highway department, annual costs for administration, operation, and maintenance were \$915,121.04, compared with \$744,347.82 for fiscal 1948. In the general public works field these costs were \$834,000.88 for 1949, and \$554,326.97 for 1948. Increases were due to the larger maintenance requirements for the expanded physical plant as well as the additional expenses incident to administration of a 200 percent greater construction program.

Besides the regular housekeeping of all internal improvements of the Territory, the department of public works has performed special services for 20 other governmental departments.

## PUBLIC UTILITIES COMMISSION

Utilities throughout the Territory are continuing to feel the impact of the rising cost of equipment, materials, and labor. Generally they are confronted with either the problem of expenses which are increasing at a more rapid rate than revenues, or the equally difficult problem of revenues which are declining at a more rapid rate than expenses.

There is a continuing demand for expansion of electric, telephone, gas, and air transportation services, though in a lesser degree for most companies than in the preceding fiscal year. Demands for mass land transportation, railway, and water transportation services appear to have either leveled off or declined from their postwar peaks.

During the year there were three major interim surcharge rate increases, and three minor rate reductions granted to the electric and power utilities. The motor vehicle common carriers, with their diminishing postwar revenues, found it necessary to request two increases in their rates of fare, but through economies, one other carrier was able to effect a slight reduction in its rates of fare. In communications there were six telephone exchanges converted from manual to automatic operation, which resulted in a marked improvement in the quality of telephone services provided in the Territory.

The commission issued 38 orders and 11 decisions affecting policy and operations, and conducted 37 public hearings on various matters before it.

*Finances and improvements.*—The total gross revenues of all utility companies during the year 1948 was \$36,751,981 in comparison with \$37,958,450 in 1947, a decrease of 3.18 percent. Total utility expenses and costs amounted to \$34,320,904 during 1948 as compared with \$35,043,201 in 1947, a decrease of 2.06 percent. Total net income, which declined from \$2,915,249 in 1947 to \$2,431,077 in 1948, represented an average return of 3.06 percent on the 1948 total utility investment amounting to \$79,331,019.

The 1948 total utility investment amounting to \$79,331,019 represented a 14.81 percent increase over the 1947 investment of \$69,094,731 and a 62.44 percent increase over the 1939 figure of \$48,835,913.

The 12 electric and power companies, with gross revenues of \$13,139,785 and expenses amounting to \$11,349,122, earned a net return of \$1,790,663, or 4.44 percent of their composite rate base amounting to \$40,314,489.

Gas companies retained \$225,567 as net earnings from gross revenues of \$3,006,941, which represented a return of 3.35 percent on their composite rate base in the amount of \$6,730,389.

The Mutual Telephone Co., with gross revenues of \$6,585,870 and expenses in the amount of \$5,848,130, earned a net return of \$737,740 or 4.88 percent on its rate base which amounted to \$15,107,118.

Net earnings for other classes of utilities varied from a high of 7.28 percent for Hawaiian Airlines, Ltd., to a low of minus 15.42 percent for Mahukona Terminals, Ltd.

The extent and nature of utility plant expansions and improvements is explained by the following tabulation showing the changes in the composite rate bases for the various classes of utilities:

	Composite rate base				
	1939	1947	1948		
			Amount	Percent increase over 1947	Percent increase over 1939
Electric.....	\$16,457,156	\$34,223,112	\$40,314,489	17.80	144.97
Gas.....	3,048,152	5,496,772	6,730,389	22.44	120.80
Telephone.....	6,935,143	12,899,166	15,107,118	17.12	117.83
Water.....	<sup>1</sup> 401,595	<sup>1</sup> 248,296	<sup>2</sup> 1,001,015	303.15	149.26
Mass transportation.....	2,601,492	3,929,293	3,970,296	1.04	52.62
Motor vehicle common carriers.....	76,613	202,581	166,996	-17.57	117.97
Railroad.....	12,366,513	6,704,315	6,760,996	.85	-45.33
Steamship.....	6,370,000	3,617,143	3,689,561	2.00	-42.08
Air.....	386,249	1,632,212	1,445,184	-11.46	274.16
Terminal.....	193,000	141,842	144,975	2.21	-24.88
All utilities.....	48,835,913	69,094,732	79,331,019	14.81	62.44

<sup>1</sup> Kohala Ditch Co., Ltd., only.

<sup>2</sup> Kohala Ditch Co., Ltd., and Wahiawa Water Co., Ltd.



The net increase in total investment in 1948 over 1947 amounted to \$10,236,287 as compared with \$2,806,500 in 1947 over 1946. The major part of this huge increase in the total investment was due to the installation of new electric generating plant and improvement of electric transmission and distribution facilities which accounted for \$6,091,377; the installation of new telephone plant and equipment which accounted for \$2, 207,952; and the improvement of gas plants which accounted for \$1,233,617.

During the fiscal year ended June 30, 1949, the commission authorized new capital amounting to \$7,500,000 as compared with \$13,883,000 during the fiscal year 1947-48, a decrease of 45.98 percent. Of this total, \$5,000,000 was authorized for electric and power companies, \$1,500,000 was authorized for the Mutual Telephone Co., and \$1,000,000 was authorized for the Honolulu Gas Co., Ltd. Practically all of the new capital was for the purpose of meeting the costs of necessary plant expansion.

*Taxes.*—Total taxes assignable to all utility operations for 1948 amounted to \$3,921,678, as compared with \$3,097,801 in 1947, an increase of 26.6 percent. The fact that taxes increased 26.6 percent while revenues decreased 3.18 percent is explained by the inclusion in the 1947 figure of a tax refund of \$615,982 to the Oahu Railway & Land Co., and inclusion in the 1948 figure of a refund to the same company amounting to \$92,105.

Total utility taxes expressed as a percentage of gross revenues varied, during the 10-year period from 1939 through 1948 inclusive, from a high of 23.36 percent in 1942 to a low of 8.16 percent in 1947.

*Operating statistics.*—Operating statistics of utility companies show a continuing demand for additional electric, gas, telephone, and air transportation services.

The total number of consumers of the three major electric and power companies increased from approximately 82,503 at year end 1947 to 87,981 at year end 1948, an increase of 6.64 percent. Total kilowatt-hours of energy sold by the some companies in 1948 amounted to 545,153,094 as compared with 504,778,265 in 1947, an increase of 8 percent.

Consumers of the Honolulu Gas Co., Ltd., increased from 33,491 at year end 1947 to 34,386 at year end 1948, an increase of 2.67 percent. Gas sold increased from 2,220,764 M cubic feet in 1947 to 2,302,052 M cubic feet in 1948, an increase of 3.66 percent.

The Mutual Telephone Co. had an increase of 11.74 percent in company telephones in service at year end 1948, as compared with year end 1947, the number increasing from 70,564 to 78,847. Local call

usage of individual telephones increased 1.5 percent in 1948 over 1947, while toll call usage decreased 3.28 percent in 1948 over 1947.

Passengers carried by the Honolulu Rapid Transit Co., Ltd., continued to decline from the wartime high of 124,796,804 in 1944 to 61,842,505 in 1948. This figure represented a decline of 26.41 percent over passengers carried in 1947 numbering to 84,031,044. However, the decline of passenger traffic in 1948 was sharper than normal due to the bus operator strike, which began on September 3 and continued through October 8 of that year. Vehicle miles operated in 1948 amounted to 8,731,739 as compared with 10,481,290 in 1947, a decrease of 16.69 percent.

Railway operations in the Territory are now confined to the waterfront and harbor operations of the Oahu Railway & Land Co., at Honolulu, and to the operations of the Kahului Railroad Co. on the island of Maui. The Oahu Railway & Land Co., operating 20 miles of yard switching tracks at the end of 1948, handled 18,680 freight cars during the year. The Kahului Railroad Co., operating a total of 41.06 miles of road at the end of 1948, carried 331,052 tons of revenue freight during the year.

Hawaiian Airlines, Ltd., carried 345,695 revenue passengers during 1948, as compared with 314,608 in 1947, an increase of 9.88 percent, and operated 19,615 passenger flights in 1948, as compared with 15,895 in 1947, an increase of 23.39 percent. The Territory is now being served by another certificated airline, Transpacific Airlines, Ltd., which began scheduled operations on June 6 this year.

*Summary.*—Generally speaking, the end of the fiscal year 1948-49 finds the utility companies of the Territory confronted with the difficult problem of earning a fair return on their investment, while faced with leveling-off or declining revenues and increasing or relatively static operating expenses. At the same time, they are confronted with strong resistance on the part of the public to any further increases in prices of utility services. On the brighter side it may be said that the majority of the utilities are in good financial condition, have practically eliminated the huge backlog of maintenance work which was deferred during the war years, have adequate and efficient plants and equipment or are making them more so at present, and are being efficiently operated and managed.

## PUBLIC SCHOOLS

During the past decade, Hawaii has shared in the national shortage of qualified teachers. In many cases, uncertified teachers were used. This situation is now better than it has been at any time since the out-

break of the war, although the pupil-teacher ratio is less favorable. It has been increased from one classroom teacher for each 30 pupils or major fraction thereof in each school, to one for each 32 pupils. The need for fully trained high-school teachers has been entirely met. While there is still a shortage of qualified kindergarten, first and second grade teachers, this problem is not so acute as it has been in the past.

The expansion of kindergartens has continued at a steady pace. During the school year 1948-49, 32 new kindergarten positions were added. The 1949 legislature included an amount in the appropriation for public schools which allows 51 additional kindergarten teachers for the school year 1949-50, and an additional 53 for the following school year, 1950-51. For the first time in the history of education in Hawaii, the public schools have passed the half-way point as far as full kindergarten coverage is concerned.

Vocational education has continued to expand. There is a strong demand for this type of education. Because of limited facilities, it has been necessary to turn away many applicants for trade courses in the four vocational schools. There has been a material expansion in vocational training in agriculture for veterans. A shop for giving trade training to bakers has been added at the Honolulu Vocational School. Other types of trade training have also been expanded, especially in the field of aviation mechanics.

A shortage of classrooms, especially on the island of Oahu, has existed in the past 10 years due to a curtailed building program during the war years. This situation will be remedied to a considerable extent during the next 2 years, as the 1949 session of the legislature provided a bond issue which will provide \$7,650,500 for public school construction.

The total enrollment has increased to 86,835 as of January 1949 compared with 83,347 a year ago. This distribution of the various grade levels is as follows:

- 3,577 in kindergartens.
- 44,661 in the elementary grades (1-6).
- 19,900 in the intermediate school grades (7-9).
- 17,381 in the senior high school grades (10-12).
- 1,316 in the four vocational schools and special classes.

The increase in the birth rate during the war years is beginning to be felt in public-school enrollment. A careful study shows that this upward trend in school enrollment will continue for several years. It will be necessary for the school-building program to keep pace with this trend.



Total expenditures, exclusive of capital outlay, during the biennium was \$13,331,550—a per pupil cost of \$190.22 on the basis of average daily attendance.

It is of special significance that all but 676 (0.778 percent) of the total enrollment of 86,835 were born in the United States.

There are a total of 109 private schools in the Territory offering regular full-time instruction ranging from the kindergarten through grade 12. These schools have an enrollment of 24,760. Of this number, all but 196 (0.791 percent) were born in the United States.

## THE UNIVERSITY OF HAWAII

The University of Hawaii handled a record enrollment of 4,905 students. It graduated the largest class in its history, granting 537 degrees, including 425 bachelors' degrees, 93 certificates and diplomas, 18 masters' degrees, and 1 doctor's degree in tropical agriculture. This was made possible by the erection of numerous second-hand buildings of temporary and semipermanent construction for use as classrooms, laboratories, veterans' dormitories, and faculty housing. A new wing to Hemenway Hall, the union building, was completed. Regular and summer sessions were conducted at Honolulu, Hilo, and Schofield, and summer sessions were also held at Guam for the second and third successive years. The summer sessions are self-supporting. An augmented counselling staff added to the effectiveness of teaching; the legislative reference bureau rendered valuable assistance to legislative committees; and the war records depository completed two books on the Territory's role in World War II.

In addition to their instructional duties, scientists and other members of the faculty played an even more prominent part in important territorial, national, and international affairs. The department of entomology, the agricultural experiment station, and the Agricultural Extension Service have collaborated in local and Federal work to eradicate and control the oriental fruit fly. The department of zoology has conducted research on marine biology in cooperation with the deep sea fishing investigations of the Territorial Department of Agriculture and Forestry and the Federal Fish and Wildlife Service. University scientists have participated in valuable research activities in the Trust Territory; 12 members of the faculty are serving on the advisory committee on education for Guam and the Trust Territory, and the university's vice president is a member of the South Pacific Commission.

The university has made substantial contributions to the cultural life of the community. The theater guild has produced significant drama; the art department has sponsored notable exhibits accenting use of local material in ceramics; the department of music was a moving force behind a highly successful spring music festival. Three series of public lectures by resident and visiting faculty members were conducted, and such distinguished lecturers as Harold W. Dodds of Princeton and Filmer S. C. Northrop of Yale were brought to the Territory. The outstanding achievement of the year was sponsorship of an East-West Philosophers' Conference (the second in 10 years), to which representative leaders of philosophical thought in India, Ceylon, China, Japan, and the western world were brought to investigate the possibility of a one-world philosophy.

These activities were handled by university faculty members and staff numbering 761. Of this total, 453 were on the instructional, clinical, research and extension faculty, and 308 in the civil service.

Expenditures during the year amounted to \$3,434,135.86. Federal funds accounted for \$389,137.01; Territorial funds, \$2,075,225.57; and university sources, \$969,773.28.

## DEPARTMENT OF INSTITUTIONS

The ambitious program of expansion and modernization authorized by the 1947 legislature made notable progress during the past year. A construction program is nearing completion. This will enable the department to put into effect many of its proposals for improved methods of treatment and training. The 1949 session of the legislature provided further for the modernized program that is under way.

Coincidental with the expansion of the treatment and training program in Territorial institutions, simplified administrative controls are being instituted.

*Office of the director.*—Total expenditures for the office of the director amounted to \$72,041.11. This represents slightly over 2 percent of the total appropriations for the department.

*Territorial hospital.*—The Territorial hospital continued its effort to improve methods of treatment of the mentally ill. Recognized procedures of diagnosis and treatment have been instituted. Electroconvulsive therapy and its various modifications, insulin therapy, individual and group psychotherapy, narcotherapy, brain surgery, occupational and recreational therapy are included in the basic treatment of the various forms of mental illness. The department of dietetics has been reorganized and a new department of electroencephalography has been added.

Although new admissions were the highest on record during the past fiscal year, discharges and conditional discharges kept pace with admissions. Of a total of 436 patients admitted, 368 were first admissions and 68 were readmissions. A total of 515 patients were released from the hospital, of whom 182 were discharged and 333 were conditionally discharged. One hundred thirty-nine patients were returned from conditional discharge for a brief course of treatment. At the end of the year, the population was 1,058 as compared with 1,068 at the beginning of the year.

A total expenditure of \$1,188,847.68 was made for an average daily patient population of 1,071. The per capita per diem cost was \$3.03 as compared with \$2.91 during the previous year. There was a total staff of 248, giving a staff-patient ratio of one employee to 4.32 patients.

*Waialeale Training School for Boys.*—This institution was founded in 1900 for the care and training of juvenile delinquents. It receives boys from 12 through 17 years of age.

The average population for the fiscal year was 186 boys. The total expenditure was \$209,555 for an average cost per boy per day of \$3.0924. This figure compares with an average population of 183 boys for the previous year at a daily cost per boy of \$3.1196. This slight reduction per capita per day was effected in the face of an all-time record high in the cost of commodities in the fall of 1948.

There was an average staff of 29.71 members throughout the year, giving a staff-boy ratio of 1 to 6.18. Population at the beginning of the fiscal year was 190 and at the close of the year, 161. New commitments from the courts for the fiscal year numbered 40, as compared with 74 for the previous year. The number of boys on parole at the beginning of the year was 165, as compared with 145 at the end of the year. Escapes numbered 29 as compared with 50 in the previous year.

A diversified vocational program including carpentry, plumbing, electrical work, farming, livestock raising, and the manufacture of furniture has been actively carried forward. An enlarged recreational program has been instituted with special emphasis on intramural sports. All wards have been encouraged to participate in the recreational program with very gratifying results.

*Kawailoa Training School for Girls.*—Emphasis is placed at Kawailoa on reeducation and rehabilitation of delinquent girls, with particular stress placed on the responsibility of the girls to society and their place in society as future wives and mothers. The population at Kawailoa throughout the fiscal year has shown a downward trend,



with a daily average of 137 girls as compared with 154 for the previous fiscal year, and 191 for the 1946-47 fiscal year.

This training school operates on a cottage basis under the supervision of cottage matrons, and the wards receive intensive instruction in all phases of home operation. The livestock and the farm are operated with the wards under the direction of a small staff of expert farm and livestock instructors. It is significant to note that approximately 70 percent of the cost of food for the institution was produced by the girls themselves.

Total expenditures were \$207,519.78, an average daily cost per girl of \$4.15. There was an average staff of 25.95 during the year, giving a staff-girl ratio of 1 to 5.2824.

*Waimano Home.*—Waimano Home is the institution for the care of the feeble-minded and epileptics. During the year there were 38 new admissions, 30 patients paroled, 14 returned from parole, 1 discharged, and 17 deaths. As of the end of the fiscal year the institution population stood at 670, with a total of 104 patients on parole.

A high percentage of the new admissions is in the infant category. This trend seems to be on the increase. A large waiting list is being built up for admission, as the institution is not able to accept new patients due to lack of space. The increase in the admission of infants creates a new problem in administration. With the completion of the new hospital, which is at present under construction, some of the problems of caring for infants will be lessened, but will not be solved until a modern nursery has been added.

Expenditures for the fiscal year were \$632,981 for an average per capita per diem cost of \$2.592. The staff has averaged 136 for a patient ratio of 1 to 4.91.

Plant improvements continued, and the institution farm was maintained. Plans are nearing completion for a new modern boiler plant, central laundry, and kitchen and dining room for the female department. With the completion of these units, economies of operation can be effected.

*Oahu Prison.*—Oahu Prison is the central penitentiary to which are committed all adult felons, both male and female. Additionally, Oahu Prison is the official prison for Federal and military felons who may be committed to it for custody. The prison consists of several operating units: Oahu Prison itself, which is the center of all prison activities; Olinda Prison Camp, the administrative headquarters for prison activities on the island of Maui; Kulani Prison, the agricultural and lumbering project established on the Island of Hawaii, which will become the administrative headquarters for other prison activities on that island.

The population for Oahu Prison has again showed a decided increase, reaching a total of 614 on June 30, 1949, as compared with 592 on June 30, 1948. Construction of facilities for an industrial program was the most significant development during the year. Activities at the prison are being concentrated within an enclosed area for better administration and greater security. Complete industrialization of the prison program is well under way. With the raw materials to be supplied by the Kulani Prison, the new industrial program should greatly enhance the training and rehabilitation of the prisoners and effect a substantial economy in the operation of the prison itself. This development will add greatly to the effectiveness of the educational program.

The major project of the Olinda Prison Camp has continued to be the Kanaio-Nuu Road. Activities at Kulani were concentrated on new road construction, water development, land clearing for agricultural purposes, and logging and lumbering. Significant experimental work was done in certain agricultural activities with gratifying results.

*Division of parole and home placement.*—This division is charged with the care and supervision of all wards of the Territory on parole from the Kawailoa Training School for Girls, Waialeale Training School for Boys and Waimano Home. Post-institutional care and supervision of 600 persons by the division for the current fiscal year cost \$0.647 per day per person. Total expenditure of \$92,231.16 provided a staff of 19 full-time employees with a ratio of 1 to 26 for supervision of delinquents and 1 to 54 for supervision of the feeble-minded.

*Board of paroles and pardons.*—The board of paroles and pardons, comprised of 5-nonpaid members, is charged by law with the fixing of minimum sentences and the paroling of prisoners. Its staff numbers 10 employees.

For the fiscal year ended June 30, 1949, the total expenditures of the board amounted to \$43,909.25. Residing in the Territory were 557 parolees. Against the expenditures for the year, this represented a per capita per diem cost of \$0.22, and a ratio of staff to parolees of 1 to 55.7.

At the beginning of the year there were 849 persons on parole, 277 being out of the Territory. Released on parole during the year were 163 persons. Discharges from parole were 87. Paroles were revoked in 28 cases, a decrease of 18 from the previous year. At the end of the year there were 886 on parole. Of this number, 318 were out of the Territory. Of the remaining 568, 557 were residing within the Territory and 11 in the armed forces.

During the year, the Board fixed a total of 172 minimum sentences, considered 161 cases for parole, 122 for reduction of sentence through commutation, four for final discharge and 81 cases for commutation of sentence and pardon which were referred by the office of the Governor.

## PUBLIC WELFARE

Because of deteriorating economic conditions in Hawaii, increasing numbers of persons depended on public welfare aid during the fiscal year 1949. Increasing unemployment, aggravated by the 1948 west coast maritime strike, and the continued high cost of living, contributed to these heavier demands upon the welfare department.

The increased population of the islands, as compared with prewar levels, also meant that the total number of persons helped was higher than ever before, although the ratio of persons aided by the welfare department to the total population was about the same.

*Numbers cared for.*—By the close of the fiscal year 1949, there were nearly 16,000 persons being financially assisted by the department. These included the needy aged, the needy blind, dependent children cared for in their own homes or in the homes of relatives, children under care in foster homes and institutions, and other needy persons.

In June 1949, 34 persons per 1,000 population were assisted financially by the welfare department, as compared with a rate of 23 per 1,000 in June 1948, and 19 in June 1947. The rate of dependency is still below that of the average mainland state.

Hawaii has fewer old-age recipients on its welfare rolls than most parts of the mainland. This is due to its comparatively younger population, and because of the cultural patterns of the oriental population. However, with increasing breakdown of cultural patterns, and the increasing span of life, the care of the aged will become more of a problem in Hawaii, particularly in regard to adequate physical facilities, and the development of a program to meet the special needs of the aged.

*Half are children.*—More than 60 percent of the persons financially assisted by the department are children. Of a total of 15,847 persons assisted in June 1949, 6,184 were children in their own homes or in the homes of relatives under the aid to dependent children program, and 879 received foster care payments in homes or in institutions. Old-age recipients totalled 2,306; 93 were needy blind; and 4,073 were recipients of general assistance, in which families there were about 3,000 children.

*Payment per person.*—The average payment in June 1949 was \$26.33 per person, compared with a slightly lower payment of \$25.63 at the



end of the 1948 fiscal year. Because of financial limitations, the department has been unable to increase payments to keep pace with the continued higher cost of living. The slight increase in payment per person was due to the granting of clothing allowances to meet the emergency needs of persons whose clothing needs had not been previously met because of financial limitations.

*Total expended.*—During the year, the department expended a total of \$3,983,834.21 in money payments to needy persons, and \$452,037.96 for medical and hospital care for its welfare recipients. A deficiency appropriation of \$1,462,591 was granted by the 1949 legislature in March to carry the department until the close of the fiscal year. For the 1947-49 biennium, a total of \$8,016,246.24 was expended for assistance and care, of which \$1,050,937.68 was for medical and hospital care. The Federal Government contributed 27.2 percent of the total expenditures for assistance and care.

*Financing.*—The most significant change during the year was the achievement of a sounder method of financing the public welfare program. This is now done through a specific appropriation from the general funds of the Territory beginning July 1, 1949. Previously the department was financed from an offset of the Territorial compensation and dividends tax, which brought in decreasing revenues in times of greatest need. The 1949 legislature appropriated \$9,500,000 for the biennium, which though insufficient to meet the estimated and growing needs of the department, will, for the first time, provide the welfare department with a definite amount of revenue for the next two years.

*Public welfare board.*—The 1949 legislature also changed the composition and power of the board, increasing it from five to seven members, to include representation from the islands outside of Oahu, and giving it policy-making powers in connection with standards of assistance.

Although county boards are not established by law, the department has continued its policy of using county advisory boards in each island to bring the community closer to the administration of the public welfare program. There is also a medical services advisory committee to assist in the administration of the medical and hospital care program for welfare clients, and special working committees are appointed as needed.

*Social Security Administration.*—A total of \$5,152,682 of Federal funds was made available for expenditure in Hawaii under programs of the Federal Security Agency during the past fiscal year. The number of persons who directly benefited was 18,040.

The following grants were made to the Territorial department of public welfare: Aid to the needy aged, \$615,133; aid to the needy blind, \$25,033; and aid to dependent children, \$809,893. A total of 10,895 was benefited by these grants.

## VETERAN'S AFFAIRS

The Territorial council on veterans affairs operates four service centers—one each on Oahu, Maui, Kauai, and Hawaii. These four offices offer assistance to a World War II veteran population of 40,000 and an estimated 15,000 from World War I.

Functions of the centers are to aid veterans and their families in every way possible, including vocational and educational guidance.

From July 1, 1948, up to May 30, 1949, a total of 19,122 contacts were recorded. In addition, personnel of the centers assisted in the planning of community memorial services on all islands, and in the war dead repatriation program.

Unemployment continues to be the major problem in veterans' affairs. The housing situation has eased somewhat.

In the unemployment picture, over 3,000 veterans are drawing servicemen's readjustment allowance. However, this is scheduled to be cut off from many on July 25. The number of veterans unemployed who have not applied for compensation is unknown, but from casual contacts there appear to be a great many. To date, only 233 veterans have exhausted their claims, having drawn their 52 weeks' compensation. This is the lowest figure in the Nation.

Nearly 4,000 veterans are enrolled in or participating in training programs throughout the Territory. This includes schools, apprenticeships, on-the-job training, and correspondence courses.

The housing situation has eased somewhat, so far as veterans are concerned. About 1,500 veterans have secured government loans for home-building purposes and a number of others have built homes with other methods of financing. In addition, many new rental units have become available to relieve the pressure on those who cannot now afford to build. The great need for most veterans is still low-cost rental units, too few of which are now available.

Several hundred war dead have been repatriated during the past 12 months. The council has assisted in every way in making arrangements for reburial and in the ceremonies attending these occasions. The council also played a major role in making the arrangements for the Territorial memorial services held on the various islands in which all segments of the communities participated.

As in the past some of the most important services performed by this agency have been listed as "miscellaneous." These may range from helping a stranded veteran get back to the mainland as a workaway on a ship to preventing the seller of a veteran's home from cutting off the water to his property. In all, 19,980 veterans came to the offices last year with diverse problems. While this number of callers is less than in previous years, the transition from requests for information to requests for advice and service has been marked. When plans fail to materialize, the veteran returns for additional assistance. This means longer interviewing time, because the problems with which he wants help are more complex.

The 1949 legislature passed several laws for veterans. An appropriation of \$283,200 has made possible the payments due all veterans eligible for the disabled veterans bonus, which is administered by this council. Other acts provide totally disabled veterans with an exemption of real property taxes on their homes; free copies of vital statistics records for use in connection with a veteran's claim; paraplegic veterans with a grant equal to that of the Federal Government for a specially equipped home; and make honorable service in the armed forces grounds for final discharge from parole. The legislature provided a budget to continue the work of the council during the next 2 years.

## SIGHT CONSERVATION

The bureau of sight conservation's services in prevention of blindness, vocational rehabilitation, services to the blind, and community education increased in volume and quality during the year 1948-49.

The value of vision testing among children was accentuated with the rise of the number of preschool groups in the schools. This added to the number of children given the vision test. More intensive case work services were rendered in the follow-up of eye defects because of the greater number of families unable to meet the cost of eye care, especially for those needing eye surgery. Eye clinics established in all rural areas brought adequate medical services to these districts.

Though Federal funds were drastically cut July 1, 1948, with the number of workers reduced from 5 to 3, the Vocational Rehabilitation Service which began in 1946 for the visually handicapped carried 422 active cases, with 28 closed as rehabilitated and placed in varied fields of occupation.

The services extended to the blind included continued employment for 18 men at the Territorial shop for the adult blind in the manu-



facturing of brooms and mops and the caning of chairs. The Coconut Button Factory attached to the shop was equipped with machinery suitable for blind employees, and the button industry is now well established. Coco-door mats are manufactured as a byproduct. Readers' clubs, a club for mothers of blind babies, quarterly meetings for all blind, and other leisure-time activities continued.

The community was made aware of the value and need of sight conservation through participation in fairs, exhibits, talks, radio scripts, newspaper articles, and the National Employ the Physically Handicapped Week. Through the promotion of an annual Territorial Sight Conservation Week by district 50, Lions International, and through a Territory-wide poster contest on eye health by the Lions, the community became better informed of the program and services of the bureau of sight conservation and work with the blind.

## HAWAII HOUSING AUTHORITY

On June 30, 1949, the authority was operating 4,671 dwelling units. The reactivation of Lanakila Homes, Hilo, Hawaii, a low-income development, comprising 90 units, has been approved and an architect appointed. It is believed that the reactivation of Mayor Wright Homes in Honolulu of 390 units will be approved in the near future. Upon passage of housing legislation by Congress, applications will be submitted for additional low-income projects.

The authority has almost completed its temporary program. Seventy-eight units now under construction at Halawa Veterans' Homes and 32 units planned for Maui will complete this phase of the authority's program.

Palolo Homes, a project of 82 permanent units of reinforced concrete, will be under construction within 4 months.

Due to the shortage of housing in Honolulu, it will be necessary to request at least two, and probably more, extensions of the Federal temporary housing.

The availability of labor and materials has steadily improved during the past year, gradually reducing construction costs. Due to the shortage of land in Honolulu, the cost of building sites is still high.

Private enterprise is doing everything possible to provide both house lots and dwellings at a price where the average-income family can purchase and own a home.

At the present time it appears that the housing situation in Honolulu is easing slightly. However, Honolulu does not and will not in the foreseeable future have an adequate supply of housing in the middle- and low-income brackets.

## DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

Labor relations, which had been improving for the past year, deteriorated to a marked degree during the waterfront strike, which began May 1, 1949. The intensity of the feelings aroused by the paralyzing effects of the strike on the people of Hawaii, as well as by the campaigns waged by labor and management to gain their ends, are so great that concerted and intelligent efforts to improve labor relations must be vigorously prosecuted to avoid the staggering costs of further economic warfare. This is one of the most vital issues facing Hawaii today.

The number of work stoppages, although reduced in number compared with last year, were costly and prolonged. Two strikes of the employees of the Honolulu Rapid Transit Co. and one of the Mutual Telephone Co. workers resulted in a loss of 40,416 man-days. The 2 months' dispute between the Olaa Sugar Co. and the International Longshoremen's and Warehousemen's Union lost 68,400 man-days. Over 85,000 man-days have been lost as of June 30, 1949, in the current waterfront strike with the end not yet in sight.

Wage claims for the fourth consecutive year doubled in volume, and the employment of minors on the basis of certificates issued is down 25 percent compared with the previous year.

Greatly increased activity marked the operations of the Employment Service as unemployment rose in the Territory from 3.6 percent of the labor force in June 1948 to 11.5 percent at the end of June 1949. Increased unemployment was attributable to three major factors—large-scale reduction in force instituted by Navy and Air Force installations, the west coast maritime strike which sharply curtailed shipping and tourist travel to the islands for 3 months in the fall of 1948, and the still unsettled local longshoremen's strike which began in May, cutting off freight and passenger traffic to and from Hawaii by water. All industries have felt the effects of unsettled conditions and many businesses and service establishments have been forced by lowered business volume and depleted stocks to lay off employees and reduce working hours.

By June 30, as the longshore strike continued to drastically affect the economy of the Territory, more than 21,000 persons were unemployed and job openings were almost nonexistent. The workload of the Service was greatly increased by a large volume of new applications and a large registration of active job seekers.

Industrial injuries to workers throughout the Territory during the year are estimated at 21,000 or approximately the same number as the

prior fiscal year. Direct costs to employers in workmen's compensation benefits totalled \$1,039,897.09 for the first 11 months and the total for the year is estimated to be \$1,125,000, or an increase of 8 percent.

The retail food price index maintained by the bureau of research and statistics reached the highest peak since its inception in March 1943 during the fiscal year ending June 30, 1949. Prices in Honolulu increased from 143.2 in June 1948 to an all-time high of 156.7 in November. The sudden increase during this period was attributed to the west coast maritime strike, which began in September and terminated in December 1948. At the close of the year, food prices were again climbing throughout the Territory as a result of a water-front strike that began May 1 and was still in effect on June 30.

The number of Territorial employers participating in apprenticeship training programs established by the Territorial apprenticeship council increased 70 percent during the fiscal year 1948-49. The number of registered apprentices increased 11 percent, making a total of 274 registered employers and 500 registered apprentices in 102 trades.

The most significant feature of the activities of the bureau of unemployment compensation was the large increase in unemployment compensation payments and readjustment allowances. It is estimated that there will be 15,256 new initial claims filed for the current fiscal year as against 6,731 for the preceding one, or an increase of 127 percent. Under the veterans program, new initial claims will reach an estimated figure of 5,359, or an increase of 50 percent over 3,578 experienced in the preceding year. It is estimated that \$2,558,627 will be paid for unemployment benefits as against \$767,399, or an increase of 233 percent. Under the veterans program \$1,919,633 will be paid in the readjustment allowances, or an increase of 131 percent over the \$829,539 for the preceding fiscal year.

## PUBLIC ARCHIVES

The forty-third year of the functioning of the public archives shows an increase in all divisions. Changes in the Federal naturalization laws and in travel regulations to Japan have about doubled naturalization and immigration work.

Among mainlanders seeking information from the records have been a professor of history from the University of California, and a doctor of philosophy from Georgetown University, each of whom spent 6 months in special research at the archives. A writer in New York has had an entire series of letters copied for a biography of J. J. Jerves.



Effects of the water-front strike are reflected in the type of requests filled during the past few months. It is reminiscent of war days when laws, Hawaii Defense Acts Rules, and special regulations were in demand. The Governor's Food Control Committee chairman found the war food control records ready for use. Newspaper files are called for at least six times a day.

Passage of the records disposal act by the Territorial legislature is the greatest boon the archives has had. Already in preparation are lists of useless records to be submitted to the special committee. Use of the microfile equipment is being allowed Territorial departments, providing each department assumes all responsibility for any damage to the machine while in use and will deposit one roll of each negative in the archives. The bureau of vital statistics and the tax office map division have already made use of this arrangement.

## HAWAII NATIONAL GUARD

As of June 30, 1949, the Hawaii National Guard had an aggregate strength (officers, warrant officers, and enlisted men) of 5,615. This represents 74.1 percent of its total troop allotment of 7,550. Recruiting efforts since June 1948 produced 1,900 new enlistees, a gain of 39.5 percent. During the same period, however, there were 1,102 separations from the service. Most of these were for such reasons as occupations incompatible with the proper performance of National Guard duties, and continued and willful absence from military duties. As a result, the net gain in strength has been 798, or a 16.5 percent increase since June 1948.

In comparison with National Guard units on the mainland, Hawaii stands in second place in percentage of authorized strength.

Fifty-eight Army units of the Hawaii National Guard have been recognized by the National Guard Bureau. The last unit to be recognized was Company M, Two Hundred and Ninety-eighth Infantry, on August 3, 1948. The Hawaii National Guard consists of 25 units on the island of Oahu, 21 units on Hawaii, 5 units on Maui, 3 units on Kauai, and 1 unit on Molokai. The new 3-year training program was inaugurated on November 1, 1948, and all units have progressed rapidly. During the period from March to May, all units completed a week-end small arms firing course, and 60 percent of the guardsmen fired their individual weapons for record.

Field training 1948-49 for Army units was held June 12 to 26 at Schofield Barracks, and Air units, June 14 to 28 at Hickam Field. There was an attendance of 4,045 for Army units and 294 for Air units, a total attendance of 4,339

All units participated, with training based on squad and platoon tactics and on crew-served weapons.

Federal funds expended in support of the Hawaii National Guard totaled \$1,971,026, in comparison with an expenditure of \$314,869 from Territorial funds.

## PUBLIC LIBRARIES OF HAWAII

Library services have been extended throughout the Territory. New library buildings on each island have either been completed, are in the process of construction, or are in the planning stage with appropriations already granted.

The most important event in connection with the Library of Hawaii, on the island of Oahu, was the completion of the new Kalihi-Palama Library, which was begun in May 1948 and completed in May 1949. This is an attractive building with reading rooms opening on two sides into a spacious reading court. A room is available for small community meetings of not more than 100 persons. When this building is completely furnished, it will be of great importance to the recreational and cultural life of the district which it serves.

Land has been purchased at Waialua, Oahu, for a branch library there. Funds are available for the building which will doubtless be erected in the near future.

Library of Hawaii readers, numbering 73,678, borrowed for home use 885,848 books, pamphlets, and periodicals from the 79 distributing agencies throughout Oahu. This was an increase of 37,639 over the previous year. The total book stock at the end of the fiscal year was 193,109, of which 10,920 new volumes were added by purchase and 3,484 by gift. A total of 8,583 music recordings were loaned for home use, while 11,208 persons registered for the phonographs at the library; 525 used the linguaphone records in their study of foreign languages, and 2,709 persons registered to use the library piano. Educational movies were shown every Wednesday night to capacity crowds in the main library, and an informational radio program called, This is your library, was carried on weekly through the courtesy of KGMB.

The Hawaii County Library is in the process of acquiring a new central library building, construction of which was started in 1948. The 1949 legislature made appropriations for small branch libraries at Kealahou and Holualoa, in the Kona district of the island of Hawaii. The Hawaii County Library circulated 313,853 volumes during the year from a book collection of 84,783, and loaned 3,416 music recordings for home use.

The Maui County Library was allotted \$50,000 from public improvement bonds for a new wing for the main library building. Kauai Library has completed construction of a branch library at Hanapepe and has commenced work on the Waimea Branch Library. The 1949 legislature made an appropriation of \$100,000 for a branch library at Kapaa, to be paid for from public improvement bonds. Maui circulated 247,002 volumes from a book stock of 60,733, while Kauai recorded a circulation of 150,750 with a book collection of 33,667.

## LAW ENFORCEMENT AND COURTS

During the year there has been a wide range of activities in law-enforcement agencies and the Territorial and Federal courts.

The appeal taken by Alice Kamokila Campbell in the action attacking the use of public funds in furtherance of statehood was decided by the Supreme Court of Hawaii on March 28, 1949 (38 Haw. 310). The court upheld the Hawaii Statehood Commission Law (Act 115, Session Laws 1947) with the exception of the provision for expenditure of funds for national and sectional advertising. The 1949 legislature made proper revisions of the act in line with the Supreme Court's holding as to national and sectional advertising.

The injunction suit attacking the statute regulating the teaching of foreign language, chapter 31, Revised Laws of Hawaii 1945, appealed by the Territory from the United States District Court to the Supreme Court of the United States, was decided by the Supreme Court on March 14, 1949 (336 U. S. 368). The court held first, that the case was not a proper one for the exercise of equity jurisdiction, and second, that the United States District Court should not have interfered since the statute had not been construed by the Territorial court. The opinion of the Supreme Court does not pass on the validity of the statute; the 1949 legislature revised said chapter 31 so that while previously it provided in substance that the learning of a foreign language could not be undertaken by a child who had not passed the fourth grade, it now provides that no more than five hours a week shall be devoted to the learning of a foreign language in the case of a child who has not passed the second grade. No attack on the validity of the revised statute is anticipated.

The case of *ILWU v. Wirtz*, in which the Ninth Circuit Court sustained the Supreme Court of Hawaii in holding that a circuit court of the Territory is not a "court of the United States" within the meaning of the Norris-La Guardia Act (170 D. 2d 183), came to an end when the Supreme Court of the United States denied certiorari on February 28, 1949, and denied rehearing on May 2, 1949.



On January 4, 1949, the Court of Appeals for the Ninth Circuit, in *Alesna v. Rice* (172 F. 2d 176), affirmed the United States District Court in its dismissal of the injunction suit which sought a stay of contempt proceedings in the Circuit Court of the Territory of Hawaii, Fifth Judicial Circuit. The ground of decision in the Court of Appeals was that the case should not have been entertained in equity, the court holding that criminal proceedings should not be attached in this manner. A petition for certiorari has been filed and answered; the Supreme Court of the United States has not announced whether it will allow or deny this petition.

The three-judge court cases heard in April and early May 1948 mentioned in the last annual report, were decided December 27, 1948 (*ILWU v. Ackerman*, 82 F. Supp. 65). The court held that the unlawful assembly and riot law (Chapter 277, Revised Laws of Hawaii 1945) and the conspiracy law (Chapter 243, Revised Laws of Hawaii 1945) are unconstitutional, and held that the 1947 grand jury of the Second Judicial Circuit was illegally constituted. The cases have been appealed. The Territory contends that these cases should not have been entertained in the United States District Court and that such use of equity jurisdiction is an unwarranted interference with the Territorial courts and an unwarranted intervention in the criminal proceedings there pending. An extraordinary feature of the case is that the court, while finding the deliberate use of mass force or violence in all of the incidents upon which the criminal proceedings complained of were based, also took judicial notice of the "mores" of this community, and held that the labor movement is an unpopular one, and that the prosecuting officers, while not accused of lack of honor or personal integrity, "reflect the mores of their time and their locality," and have carried on the criminal proceedings complained of "for the purpose of attack upon a labor movement rather than for the ends of justice." In taking judicial notice of the mores of the community, the court went back 20 to 25 years. It made no reference to recent history as reflected in the numerous statehood hearings from 1946 to the present time, nor is any reference made to the 1947 report of the Bureau of Labor Statistics Bulletin No. 926, United States Department of Labor. The court sharply criticized the 1929 legislature for setting the maximum term of imprisonment for a violation of the unlawful assembly and riot law at 20 years; this was called to the attention of the 1949 legislature, which reduced the maximum term to 2 years, and also completely revised the statute.

The three-judge court's opinion concerning the grand jury caused great concern to the several county attorneys and prosecutors as to



challenges to the 1949 grand juries of the several circuits which might ensue based upon the principles enunciated by the three-judge court. While these principles are believed to be erroneous, pending the decision on appeal much litigation might ensue. In most of the circuits the grand jury list was dissolved and a new grand jury chosen, in order to avoid such litigation.

The hearing before the Commissioners of Public Instruction in the matter of dismissal of two school teachers from the department, mentioned in the last report, was held August 3, 1948, to September 17, 1948, with argument on October 13, 1948. On October 29, 1948, the Commissioners decided to dismiss these two teachers from the department, the substance of the decision being that their membership in and activity in the Communist Party rendered them unfit as school teachers. Although as noted in the previous report, an injunction was sought and denied prior to the holding of an administrative hearing, no further court action has been brought.

The second attack of Federal employees upon the validity of the Territory's compensation and dividends tax, this time applied to the salary of a Federal employee living and working on a military reservation, came to an end when the Supreme Court of the United States on May 31, 1949, denied a petition for certiorari to review the decision rendered by the Court of Appeals for the Ninth Circuit on February 7, 1949 (*Veatch v. Borthwick*, 172 F. 2d 226), affirming in a memorandum opinion the decision of the Supreme Court of Hawaii upholding the tax (38 Haw. 188, decided July 30, 1948).

*Courts.*—During the year the various courts disposed of cases as follows:

The Supreme Court of Hawaii disposed of 52 cases.

The Circuit Courts disposed of a total of 7,652 cases, divided as follows: First Circuit, 5,496 cases; Second Circuit, 636 cases; Third Circuit, 999 cases; and Fifth Circuit, 521 cases.

The Land Court received 37 new applications during the year, which, with 76 pending applications, makes a total of 113 applications before the court. These cases involve 14,360.16 acres with an assessed value of \$1,984,795.39. Thirty-eight decrees were issued covering a total of 4,120.69 acres with an assessed value of \$1,914,073. As of June 30, 1949, 75 applications were pending. During the year, 704 minor petitions were filed and approved.

A total of 1,599 cases were filed in the United States District Court, divided as follows: Admiralty, 10 cases; bankruptcy, 39 cases; civil, 62 cases; criminal, 85 cases; habeas corpus, 11 cases; naturalization petitions, 1,270 cases; and naturalization declarations, 122 cases.

Naturalization cases concluded numbered 1,196 and all other cases concluded, 182.

## PUBLIC LANDS

The public lands office has handled an increasing volume of transactions relative to sales, leases, transfers, and exchanges of Government lands, as well as approval of mortgages on special sales agreements and patented Government lands.

There are now listed for sale approximately 459 house lots on the island of Hawaii; 377 on the island of Maui; 865 on the island of Oahu; and 427 on the island of Kauai. Some of these subdivisions will be placed on sale at public auction upon completion of the contracts for the construction of roads and water pipe lines.

The liquidation of the holdings of Waiakea Mill Co. on the island of Hawaii returned to the jurisdiction of the land office approximately 2,500 acres of Territorial land under lease to them. An effort is being made to place this land in the hands of actual farmers. The Farmers Home Administration, operating under the Bankhead-Jones Farm Tenant Act, has assisted in this project. To date, 35 homesteads have been put under this classification, and all of the operators are making progress.

The Governor's Land Use Committee, operating under a directive from the President of the United States and charged with making an analysis of the holdings of the Army, Navy, and Air Force, with a view of returning such holdings unnecessary of retention for defense purposes to civilian economy, is making progress in the analysis of these various areas. Some of these have been returned to the Territory, and those which the committee cannot agree upon as to retention or release, are being prepared for decision at cabinet level. One of the factors contributing to the difficulty in analyzing these areas is the change now in process for unification of the services, and the over-all needs of the combined services have not as yet been determined.

A special committee appointed by the commissioner of public lands to investigate pasture leases on the island of Hawaii has made a study of 29 general leases and recommended subdivision of these leases into 56 parcels. This recommendation is being acted upon favorably. It will give small ranchers an opportunity to bid on these leases.

The following statement summarizes the activities of the land office during the year:

Collections from all sources for the fiscal year amounted to \$1,588,225.40, an increase of \$251,489.92 from the collections of \$1,336,735.48 for the previous year.

One hundred seventy-six land patent grants were issued, conveying a total area of 1,764.241 acres, valued at \$286,841.15.

Ninety-six executive orders were issued, of which 64 set aside 161,646.930 acres for the use of various departments, 11 withdrew 48.816 area of 5,337,959 acres. The total upset price was \$295,121.45, and the five orders covering 192.428 acres.

Ten auction sales of public lands and general leases were advertised, resulting in the issuance of 184 leases and agreements, covering a total area of 5,337.959 acres. The total upset price was \$295,121.45, and the total sale price was \$308,304.63, an increase of \$13,183.18.

Three homestead leases were issued, covering a total area of 11,185 acres; one right-of-purchase lease covering an area of 8.46 acres, valued at \$127.

In the past year, 94 deeds to and from the Territory of Hawaii were executed. Thirty-five were exchange deeds. Thirty-three deeds required the issuance of land patent grants, whereby the Territory acquired a total area of 71.146 acres in exchange for 94.149 acres, plus a cash consideration of \$20,970.52. Fifty-six were straight deeds whereby the Territory acquired privately owned lands required for public purposes, having a total area of 1,999.812 acres, at a cost of \$25,810.33. The Territory conveyed to private individuals an area of 10.515 acres of land for a consideration of \$10,231.12. The Territory acquired by condemnation three areas totalling 157.946 acres for a cash consideration of \$59,136.57. Two hundred sixty-one deeds were received for recording and filing, representing county transactions as follows: Oahu, 210; Kauai, 34; Maui, 9; and Hawaii, 10.

Two hundred eighty-five consents were given by the Governor and the Commissioner of Public Lands, as required by law, to validate various documents affecting government lands.

Seventy-seven agreements were canceled as follows: 75 general leases covering 3,370.471 acres, which had a total annual rental of \$9,360.50; 1 homestead lease covering 8,000 acres; and 1 right of purchase lease, covering 26.28 acres.

One hundred transfers were approved, of which 26 were general leases covering 2,354.726 acres, yielding a total annual rental of \$11,074.75; 70 were special sale agreements, covering 40.343 acres, for the consideration of \$132,532.24; 2 special homestead agreements covering 97.46 acres, valued at \$5,510; and 2 right of purchase leases, covering 21.20 acres, valued at \$101.

Three certified copies and 70 uncertified copies of public documents were issued, making a total of 73 copies, yielding \$305.45 in fees. Seventeen were issued to various departments of the Territory without charge.

Forty-six land court applications were reviewed, checked and reports thereon rendered to the attorney general.



Four land board meetings were held, at which 109 land transactions were presented for consideration and discussion.

The following is a recapitulation of funds for the purpose of land development: Total receipts from the special and revolving funds, \$820,327; disbursements to general funds for advances therefrom, \$701,250; unencumbered working balance, \$119,077; projects under construction or encumbered, \$471,670; projects completed during the past year within the Territory, \$224,200.

The estimated costs for new projects now under consideration, all of which may not be realized due to a lack of funds, have been set at \$1,233,700.

## HAWAIIAN HOMES COMMISSION

As of June 30, 1949, improvements in the Kewalo and Auwaiolimu sections of the Hawaiian home lands were practically completed. There are 170 lots provided for in these areas, and homesteaders for the same are already being selected. The procedure for selecting these homesteaders gives first preference as to lot selection to present squatters in the Kalawahine area, as required by the Hawaiian Homes Commission Act. Following this, applicants are taken in the order of their application.

In the Waimanalo area on the Island of Oahu, plans and specifications for the installation of improvements that will provide for 128 lots are practically completed, and bids for these lots will be called for in the immediate future.

In the Waimea area on the island of Hawaii, the commission has retained the services of an engineer and field party. This engineering party is now doing the location survey work preparatory to the preparation of plans and specifications for the installation of improvements so that the commission will be able to place 40 prospective farmers on agricultural homesteads in that area.

On the island of Molokai, the Hawaiian homes commission has recently completed the drilling of a deep well and installation of a pump. This well will be put into operation on or about July 6, 1949, and should produce approximately 750,000 gallons per day, with a chloride content of 121 ppm. This water is intended to augment the domestic water system in times of drought. Prior to the installation of this well, homesteaders on Molokai were put on a water ration during dry periods, which at times amounted to 1 hour's supply every 5 days. With this new improvement, rationing will be completely eliminated.

There is a balance of approximately \$875,000 available for loans to lessees. Repayments by borrowers for the fiscal year ending June 30,



1949, totaled \$163,695.23. Collections were good. A total of 129 lots were awarded during the year.

## GOVERNMENT SERVICE

The Civil Service Commission and the Employees' Retirement System are the two agencies designed to improve the quality of Government service. Each of these agencies has had a successful year.

*Civil service and classification.*—The most important development in the field of Government service has been in regard to recruitment possibilities. The number of unemployed persons in the Territory has greatly increased. This was true particularly during the last half of the fiscal year. It has had a salutary effect on Government service, since it has made it possible to be more selective in recruiting well-qualified workers.

Another noteworthy development relates to performance standards and increased interest in such standards. A new job performance system was instituted on July 1, 1948. As a result, both departmental officials and employees have become more concerned with job performance standards. A further indication of increased interest on the part of departmental officials is the fact that an increasing number of dismissals has been recommended. This has included particularly workers who have shown a lack of interest and those who are willingly inefficient.

As a result of these developments, procedures in both recruitment and testing have been improved. While some progress has been made toward stablization in matters pertaining to classification, a great deal remains to be done in this field. An effort is being made to change the feeling that salary problems should be remedied through reclassification.

*Employees' Retirement System.*—As of June 30, 1949, there were 15,883 active and inactive members in the Employees' Retirement System of the Territory of Hawaii.

The pension and retirement rolls with amounts paid were as follows:

Classification	Number	Annual pensions and retirement allowances
Legislative pensions, Act 261, S. L. 1925.....	6	\$5,451.50
Retired teachers (old teachers' pension system).....	4	2,400.00
Service retirements.....	561	284,540.59
Ordinary disability retirements.....	106	41,823.58
Accidental disability retirements.....	46	55,544.91
Accidental death pensions.....	14	10,306.37
Annuities on above retirements.....		153,102.04
Total.....	737	553,171.99

The growth of the system is indicated by the membership and assets during the past 10 years. In 1939, the system had 7,823 members and investments amounted to \$9,485,050.05; in 1944, there were 11,901 members and investments amounted to \$18,559,482.71; and in 1949, there were 15,883 members and investments amounted to \$41,156,399.93.

There were no material changes in the laws governing the retirement system enacted by the 1949 legislature, with the exception of the passage of an enabling act whereby the trustees at their discretion may invest in common stocks up to 5 percent of the total investments of the system.

## HAWAII AERONAUTICS COMMISSION

The fiscal year ending June 30, 1949, marked the completion of the second year of operation of the Hawaii aeronautics commission.

### *Airports*

There are now 18 airports under the jurisdiction of the Hawaii aeronautics commission, 14 of which are in use, 3 in the course of construction, and 1 terminated. They are as follows:

*Honolulu Airport.*—This airport has been maintained and operated by the Territory since October 1, 1946, while formal transfer of title to the Territory by the Navy Department is still pending.

*General Lyman Field (Hilo Airport).*—The same condition exists as shown in the Annual Report of the Governor to the Secretary of the Interior for the fiscal year ending June 30, 1948, excepting that the Army ceased its operations on October 31, 1948. Since November 1, 1948, in addition to the maintenance and operations heretofore stated, the Territory has provided funds in the amount of \$20,162 for the operation of the traffic control tower (by CAA personnel) to June 30, 1949, a function and responsibility of the Federal Government. Funds to carry on this important operation from July 1, 1949, were provided in the conference report on the appropriations bill for the Departments of State, Justice, and Commerce, and have been approved by both the House and Senate of the Congress of the United States.

*Maui Airport (Puunene).*—The main portion of the airport, which includes the runways and taxiways, is maintained and operated by the commission. Formal transfer of title returning the area to the Territory was consummated within the fiscal period under review.

*Molokai Airport (Homestead Field).*—This airport is maintained and operated by the commission, although the issuance of a formal document returning it to the Territory is still pending.

*Lihue Airport.*—Award of contract for the construction of minimum facilities for a new airport at Lihue, Kauai, was approved by the commission September 3, 1948. Construction commenced November 4, 1948, and work on the present contract is scheduled for completion in September 1949. This project is under joint Civil Aeronautics Administration and Territorial participation of funds.

*Port Allen Airport.*—Maintained and operated by the commission, this airport serves nonscheduled operators and is used quite extensively by chartered and privately owned aircraft.

*Upolu Airport.*—This airport is maintained and operated by the commission, under the jurisdiction of the superintendent of airports for the county of Hawaii.

*Lanai Airport.*—The construction of this airport was completed at the beginning of this fiscal period and was accepted by the Territory on July 12, 1948, at a total cost of \$236,671. It was the first Territorial airport to be developed under joint Civil Aeronautics Administration-Territorial participation of funds and has since been maintained and operated by the commission.

*Haleiwa Airfield.*—The agreement between the Air Force and the Territory expired September 30, 1948, and operation by the commission was discontinued at that time.

*Hamoa and Hana Airports.*—Award of contract for the construction of a new airport at Hana, Maui, was approved by the commission December 6, 1948. Construction commenced January 14, 1949, and the project is scheduled for completion in September 1949.

This project is also under joint Civil Aeronautics Administration-Territorial participation of funds. Upon its completion it will replace the present Hamoa Airport, which has been in operation since May 1934, and is now entirely inadequate for air-carrier operations.

*Kona Airport.*—Construction of this airport, formerly known as Kailua Airport, was started on June 10, 1948, as a CAA Federal-aid project. Formal opening of the Kona Airport took place on July 10, 1949, on which date two scheduled interisland operators inaugurated their schedules of flights. This marked a new era in transportation for the Territory of Hawaii and particularly for the Kona district on the Island of Hawaii.

*Kamuela Airport.*—Operated and maintained by the commission, the Kamuela Airport is located on the Parker Ranch and is presently under lease to the Territory. This airport was built by the United States Marines during World War II. It has an oil-surfaced runway 3,000 feet in length and does not meet the requirements for scheduled air-line operations. A study of meteorological and topographical conditions is being made to determine a more suitable location in the



vicinity of Kamuela for a new airport. The funds for the proposed new airport have been provided by the legislatures of 1947 and 1949. The potentials for the area adjacent to and including Kamuela are unlimited, insofar as the production of farm commodities is concerned. Sufficient quantities to supply the demands of the Honolulu market would be assured from this area when an airport is constructed which will conform to scheduled air-line operating requirements. The air-freight carriers alone would be the major users of this airport.

*Kalaupapa Airport.*—This airport was maintained and operated by the commission. The proposed improvements to this airport will likely be undertaken during the 1949-50 fiscal year.

*Kahului Airport.*—Due to uncertainty of final possession by the Territory, this airport was operated and maintained on a minimum basis throughout the fiscal period. There is an active discussion now being carried on within the commission and with the Navy regarding a possible move of Maui's primary aeronautical activities from Maui (Puunene) Airport to Kahului Airport (Naval Air Station, Kahului, Maui).

*South Point (Morse Field).*—Located on the south tip of the Island of Hawaii, this strip is under the control of the commission and is maintained as an emergency landing field.

*Bellows Field (Oahu).*—Since April 4, 1948, the commission has operated and maintained a portion of this field, which is used by private aircraft operators and for instruction and soloing of student pilots.

*Kipapa Airfield.*—A portion of the Kipapa Airfield is under lease to the Territory by the Oahu Sugar Co. and maintained by the commission primarily for student-pilot flying.

### *Appropriations*

A total of \$1,715,910 was appropriated out of the general revenues of the Territory by the 1949 legislature for further airport improvements, with specified amounts allocated to designated airports. The legislature also authorized the issuance of revenue bonds by the commission up to \$3,000,000 for airport construction and improvement projects and for the reimbursement of appropriations made out of the general revenues of the Territory. At the same time a reduction in the tax on aviation gasoline from 5 to 4 cents a gallon was granted air-line operators effective July 1, 1949. It is estimated that this will result in a reduction of revenue to the Territory of approximately \$150,000 annually.



*Air Traffic*

The Territory is served by six scheduled and one nonscheduled overseas air lines besides two scheduled and three nonscheduled interisland air lines. There is also one scheduled interisland air freight carrier operating out of Honolulu Airport.

During the calendar year 1948, commercial air lines carried an estimated 93,000 passengers between Hawaii and the mainland of the United States, British Columbia, the Antipodes and the Orient, 80,105 of whom represent the number of travelers between the mainland United States and Hawaii. Interisland passengers totaled 376,258 during the year.

The Civil Aeronautics Administration control tower reported a total of 96,085 landings at Honolulu Airport during the calendar year 1948.

In addition to the above-mentioned air lines, there are located at the Honolulu Airport a number of fixed base operators, aeronautical schools, nonaeronautical activities and Federal Government agencies: Department of Commerce, United States Weather Bureau, Civil Aeronautics Administration, United States Customs, Immigration Service, Public Health Service, and the Department of Agriculture.

During the fiscal year there was a total income of \$886,569.93. Of this amount \$632,841.80 was from the fuel tax and \$253,728.13 from the airport revenue fund. Expenditures amounted to \$539,996.35, leaving a surplus of \$346,573.58.

## HARBOR BOARD

During the fiscal year, territorial harbor operations were disrupted by stevedoring strikes here and on the Pacific coast. The west coast strike lasted from September to December, 1948, a total of 93 days. The Hawaiian strike, which is still under way, started May 1, 1949. Thus, out of the twelve months, there were five months during which stevedore strikes adversely affected the flow of merchandise to and from the Hawaiian Islands.

The following is a comparative tabulation of the inward and outward overseas cargo tons and number of vessels at major island ports for the fiscal year.

	Number of vessels		Inward cargo tons		Outward cargo tons	
	1948	1949	1948	1949	1948	1949
Honolulu.....	863	990	1,083,265	885,690	750,768	607,559
Hilo.....	165	181	178,360	124,415	306,555	257,817
Kahului.....	182	152	202,638	89,754	303,552	266,205
Kauai.....	124	160	84,901	64,138	185,911	203,156
Total.....	1,334	1,483	1,548,894	1,163,997	1,546,586	1,334,737

While more ships passed through Territorial harbors during 1949, the tonnage handled was less than during the previous fiscal year. This was due to the fact that a greater number of vessels passed through on their way to the Orient, stopping only for fuel and supplies.

*Waikiki beach erosion study.*—The board of harbor commissioners has acted as sponsor for a study of means to restore Waikiki beach, which has badly eroded over the past several years. This restoration is needed to attract tourists and to provide an all-year-round recreational area for residents of Honolulu. The actual study is being conducted by the United States Beach Erosion Board, represented locally by the district engineers, United States Army. The cost of this study, estimated at \$42,240.58, is being paid half by the Federal Government and one-half through contributions by local interests. The 1949 legislature authorized the sale of \$400,000 in bonds to start a program of improvement of Waikiki beach, the ultimate cost of which will approximate \$6,000,000.

The harbor board has awarded in excess of \$750,000 in improvement contracts during the year. The most important of these consist of a new freight shed at Nawiliwili Wharf on Kauai; repairs to bulkhead wall, Pier 2, Honolulu; new bulkhead wharf at Kewalo Basin, Honolulu, for fishing fleet; and improvement of berthing facilities at Ala Wai Boat Harbor.

Plans have been completed for the extension of Kaunakakai Wharf on the island of Molokai, but calling for contract bids has been deferred until after the present pineapple season. Bids have been advertised for repairs of the concrete decks on piers 8, 9, and 10, Honolulu Harbor. Bids will be advertised during August for the first unit of the improvement of pier 2 as a general cargo overseas terminal. As soon as negotiations are concluded for land under control of the United States Army and the United States Public Health Administration, other units of this project will be advertised. This entire project, including the purchase of land, will involve an expenditure of \$5,500,000.

## NATIONAL PARK SERVICE

An expanded program of park activities was carried on during the year. The National Park Service operated on a budget of \$117,447 for administration, protection, and maintenance. In addition, \$44,250 was allotted for maintenance of roads and trails. There was an authorized personnel of 50 employees, 27 of whom were on a permanent basis.

Improvements made during the year were primarily for the benefit of visitors, although the physical plant was considerably enlarged.

A new administration building was completed and occupied. One wing of this building will be used for museum exhibits. Steps have already been taken to develop a museum program.

Picnic and camping grounds were rehabilitated, and new stone fireplaces with grates were constructed. Over 200 new trail signs were made and installed. The Bird Park trail was converted to a self-guiding nature trail. All road surfaces were restored to original grades, and considerable sealed coating, patching, and repair to ravelled edges were made. Sewer, water, and electrical systems were rehabilitated and, where funds permitted, were converted to comply with sanitary and safety standards.

Continuing control of feral mammals resulted in the removal of 3,625 goats and 276 pigs from the park. Considerable rejuvenation of plant life on areas previously devastated by these pests is apparent, and erosion scars are being invaded and stabilized by vegetation.

## POPULATION TRENDS

The sharp population increases that the Territory had been experiencing since 1940 came to an abrupt halt in February of 1949 with a peak population estimate of 541,853 persons. From then on until July of this year the figures have dropped quite precipitously to a new total of only 530,891.

While the net change in the population from July 1, 1948, to July 1, 1949, amounted to only -1.8 percent, changes by racial group varied from a  $\pm 5.9$  percent for "All Others" to a -9.3 percent for Caucasians. Part-Hawaiians increased 4.5 percent, for the largest change of any single racial group. All groups showed gains excepting the Hawaiians (-1.0 percent), Caucasians (-9.3 percent), and Filipinos (-0.5 percent).

Aliens in the Territory decreased from 74,020 in 1948 to 69,310 in 1949, a decrease of 6.4 percent. Every race showed declines of from 3.6 to 8.8 percent, the Filipinos decreasing the most and the Japanese the least. The alien population represented as of July 1, 1949, 13.1 percent of the total population. As of the corresponding date of the previous year, 13.7 percent of the population were classified as aliens.

The outstanding event of the year was the great summit eruption of Mauna Loa after a period of quiescence of 6 years and 8 months. Activity commenced without seismic warning on January 6, with profuse fountaining along a 3-mile rift extending across the crater floor and through the south crater wall toward Honaunau. Much of the crater floor was covered in the first few hours of the eruption and a flank flow toward Honaunau descended to approximately the 8,000-



foot level, causing some panic and evacuation from the areas below. The south flow ceased after 72 hours, and activity was confined to fountaining within the crater near the south wall, which at times reached the amazing height of 1,000 feet and poured an enormous volume of lava into South Pit, which was filled and overflowed toward Pahala. Fountaining ceased February 5, and activity was confined to flows from the source vent of the fountains across the floor of Mokuaweoweo Crater. The activity lasted until June 6, establishing a record for summit eruptions dating back to 1873. Approximately 1,500 plane loads of visitors flew over Mauna Loa during the eruption. It is estimated that 20,000 visitors, an all-time record, enjoyed aerial views of this eruption of the world's greatest volcano.

A continuous coverage of the eruption by the park staff resulted in excellent observations for publication and colored motions pictures, from which a superior 800-foot film has been edited and is being used in the interpretive program.

The proportion of aliens within each racial group varied from 1.7 percent in the Caucasian group to 60.3 percent among Filipinos. Koreans had the second largest percent of aliens (22), and Japanese the third (17). All racial groups had somewhat fewer aliens in 1949 than in 1948. A high percentage of the alien group are elderly people. This group will tend to disappear rapidly.

Changes in population by county from 1948 to 1949 ranged from -7.5 percent for Kalawao to  $\pm 2.2$  percent for Hawaii. The county of Honolulu decreased 3.1 percent and the city of Honolulu decreased 3.4 percent. While the county of Maui showed practically no decrease (-0.4 percent), the island of Lanai, part of Maui County, lost 9.8 percent of its population.

The county of Honolulu with a population of 360,085 represents 67.8 percent of the total population of the Territory. The city of Honolulu has an estimated 267,755 persons or 50.4 percent of the total population.

The following table shows the civilian population by county and selected cities of the Territory at the end of the 1948 and the 1949 biennium:

County and selected cities	1948		1949		Increase or decrease	
	Number	Percent	Number	Percent	Number	Percent
County of Honolulu .....	371,649	68.8	360,085	67.8	-11,564	-3.1
City of Honolulu .....	277,129	51.5	267,755	50.4	-9,374	-3.4
County of Hawaii .....	74,870	13.8	76,513	14.4	+1,643	+2.2
City of Hilo .....	29,620	5.4	30,303	5.7	+683	+2.3
County of Maui .....	57,077	10.6	56,860	10.7	-217	-0.4
County of Kauai .....	36,493	6.7	37,653	7.0	+560	+1.5
County of Kalawao .....	411	.1	380	.1	-31	-7.5
Total, Territory of Hawaii .....	540,506	100.0	530,891	100.0	-9,609	-1.8



## PUBLIC FINANCES

Although there has been a distinct leveling off in the volume of business, the financial status of the government of Hawaii remains favorable. The condition of public finances and current business trends are reflected in the reports of the Territorial tax commissioner, the Territorial auditor, the Territorial treasurer, and the United States Internal Revenue Service.

*Report of the tax commissioner.*—Reports covering the fiscal year 1947-48 expressed the opinion that the business volume in the Territory had reached the top and might decrease during the ensuing fiscal year. Actually it turned out to be a levelling-off period only. It now seems quite clear that the expected decrease will materialize during the first 10 months of the new fiscal year beginning July 1, 1949. This prediction is based in part on the present prolonged and crippling strike, which is so damaging to the Territory's economy. This damage, however, will not immediately be reflected in tax collections due to the fact that present collections are to a great extent based on business transacted and shipments made before the strike.

Although the business volume, comparatively speaking, remained fairly constant during the fiscal year, tax collections actually increased from \$61,433,503 in 1947-48 to \$64,757,523 in 1948-49. This increase was due primarily to higher tax rates which became effective during the past fiscal year.

General excise (gross income) tax collections increased from \$24,472,024 last year to \$26,110,585 this year, another all-time record, although the tax base actually declined a little over \$11,000,000.

The liquid fuel consumption has shown a steady increase in the past years, and is apparently still going up due to increased air and automotive transportation. The past fiscal year's volume was 121,901,568 gallons, as compared with the previous year's volume of 110,593,917 gallons, an increase of about 10 percent in 1 year.

The net income-tax collections during the past fiscal year amounted to \$5,394,255, as compared with the previous year's collections of \$4,724,301, reflecting a gain of \$669,954, this gain being due entirely to increased tax rates.

Salaries and wages paid decreased materially, reflecting a decrease of \$194,613 in the 2 percent compensation and dividends tax collections. This decrease was to be expected, considering the strikes and the unemployment situation.

The liquor tax collections showed a very slight increase over the previous year (\$22,159), entirely due to an increased tax rate; on the other hand, the tax base or consumption value decreased \$351,871.

The tobacco tax collections increased by \$76,171, with a corresponding increase in the tax base or consumption value of \$952,542.

A partial revaluation of real estate was made during the year, effective January 1, 1949, which increased our net valuation for tax purposes to \$299,188,296, as compared with a valuation of \$257,439,764 as of January 1, 1948. This represents an increase of nearly \$42,000,000 or 16.22 percent. Incidentally, this general increase in valuation, together with an increase of \$1,883,947 or 30.31 percent in city and county requirements, resulted in an unusually large number of appeals. The number for Oahu alone was 5,652, and the total for the Territory was 5,712, as compared with 679 appeals in the previous year. Home exemption claims numbered 28,589, as of January 1, 1949, as compared with 26,262, as of January 1, 1948, indicating an increase in home ownership of 2,327 in 1 year.

The Territorial legislature met during the year and enacted several amendments to the tax laws. However, only three of major importance became law; namely, an increase in the tobacco tax rate from 8 to 15 percent on a wholesale price base, a change in the liquor tax base from retail to wholesale price, and an increase in the tax rate from 8 to 12 percent. The aviation fuel tax rate was reduced from 5 cents to 4 cents per gallon. All changes became effective July 1, 1949.

During the biennium which ended June 30, 1949, a total of \$126,191,026 was collected by the Territorial tax commissioner, as compared with the previous 1945-47 biennium collections of \$87,461,565, reflecting a gain of \$38,729,461 or 44.28 percent in 2 years. These collections are exclusive of nontax revenues and county collections.

The 1947-49 biennial collections were allocated as follows:

General fund revenues.....	\$68, 599, 548. 00
Counties' share.....	38, 695, 707. 00
Territory highway fund.....	6, 934, 133. 00
Territory airport fund.....	1, 190, 293. 00
Territory public welfare fund.....	5, 718, 542. 00
Unemployment trust fund.....	4, 958, 990. 00
Delinquent tax bureau.....	93, 813. 00
<b>Total .....</b>	<b>126, 191, 026. 00</b>

The following comparative statistics give some indication of business volume in the past 2 years, and also the future trend:

Items	1947-48	1948-49	Increase (+) or decrease (-)
Retail sales volume.....	\$491,800,481	\$481,721,193	-\$10,079,288
Wholesale sales volume.....	252,179,636	233,591,480	-18,588,156
Sugar processing.....	92,720,174	81,366,579	-11,353,595
Canning (pineapple, etc.).....	63,495,211	80,429,924	+16,934,713
Total gross business income (general excise tax base).....	1,248,037,533	1,236,947,353	-11,063,180
Salaries and wages paid.....	461,970,131	450,442,163	-11,527,968
Dividends paid.....	33,371,939	34,209,898	+837,959
New business licenses issued.....	9,774	8,808	-966
Cancellations.....	9,803	9,359	-444
Total number of licenses issued.....	40,325	39,945	-380

The downward trend which began in December 1948 has been accelerated by the current stevedoring strike, the full effects of which will be reflected in reduced receipts after July 1, 1949. In the meantime, the declining income of many taxpayers, due to current business conditions in the Territory, has affected their ability to meet tax payments when due. As a result, the delinquent tax roll is on the increase.

*Report of the auditor.*—Total revenue receipts collected by the Territory and its political subdivisions for the fiscal year were \$97,231,894.03, an increase of \$6,098,968.94 over the preceding year.

The volume of business transacted during the year was \$1,236,974,353, a decrease of \$11,090,180 as compared with the previous year. The general financial situation is reflected in the following tables and comments:



## Consolidated statement of operations, Territory of Hawaii and its political subdivisions, receipts for the fiscal year ended June 30, 1949

Character of receipts	Territory of Hawaii	City and County of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total
<b>Revenue receipts:</b>						
<b>Taxes:</b>						
Property taxes.....	\$15,192,421.78	\$5,352,952.10	\$893,260.42	\$1,200,000.00	\$535,441.76	\$7,981,654.28
Income taxes.....	310,671.93	—	—	—	—	15,192,421.78
Inheritance and estate taxes.....	12,020.49	—	—	—	—	310,671.93
Poll taxes.....	27,270,938.95	5,699,740.01	1,546,804.18	1,889,504.01	1,102,004.81	37,599,671.95
Business license taxes.....	296,713.07	130,980.61	323,680.00	433,627.12	225,165.63	1,320,106.43
Nonbusiness license taxes and permits.....	2,565,824.08	—	—	—	—	2,565,824.08
Unemployment compensation taxes.....	—	3,194,125.07	10,959.44	37,409.66	7,388.39	3,249,582.56
All other taxes.....	—	—	—	—	—	—
<b>Total taxes.....</b>	<b>45,558,610.30</b>	<b>14,377,797.79</b>	<b>2,774,704.04</b>	<b>3,560,540.79</b>	<b>1,870,003.59</b>	<b>68,142,316.51</b>
<b>Nontaxes:</b>						
Special assessments and special charges.....	4,500.66	95,929.48	—	—	—	100,430.14
Fines, forfeits, and escheats.....	35,697.81	569,924.50	36,071.81	42,733.38	11,494.21	695,830.71
Grants-in-aid by the counties and U. S. Government.....	12,371,353.74	121,073.50	598,843.09	1,235,608.92	325,083.54	14,633,023.79
Donations from private sources.....	77,394.65	1,397.03	327.00	—	—	79,118.68
Rent of investment properties.....	1,194,930.83	19,479.70	2,911.00	46,542.75	—	1,262,894.28
Interest.....	888,620.41	14,659.43	382.13	—	—	991,671.97
<b>Earnings of general departments:</b>						
General government.....	128,528.84	75,804.60	41,192.27	46,439.83	12,385.85	304,352.39
Protection.....	380,194.33	77,397.25	628.00	180.00	6,756.50	465,150.08
Highways.....	535.00	63,849.13	180.00	17,621.45	5,721.16	87,906.74
Development and conservation of natural resources.....	54,934.27	—	—	—	—	54,934.27
Health and sanitation.....	102,136.65	489,015.65	28.00	402.73	—	591,583.04
Hospitals and institutions for handicapped.....	190,444.05	27,097.67	273,169.01	390,089.54	—	880,800.27
Charities.....	457.00	—	—	—	—	457.00
Correction.....	163,294.42	2,962.25	—	—	—	166,256.67
Schools.....	1,150,973.73	—	—	—	—	1,150,973.73
Recreation.....	91,534.62	63,488.33	1,945.75	55.00	8,554.25	1,152,974.48
Miscellaneous.....	25,267.70	715,258.98	9,523.55	—	—	743,266.56
Public-service enterprises.....	1,477,693.69	4,839,678.88	140,346.89	202,723.83	122,407.41	6,773,850.70
<b>Total, nontaxes.....</b>	<b>18,337,377.41</b>	<b>7,168,024.38</b>	<b>1,105,518.50</b>	<b>1,982,457.43</b>	<b>493,169.80</b>	<b>29,080,577.52</b>
<b>Total, revenue receipts.....</b>	<b>63,895,987.71</b>	<b>21,545,822.17</b>	<b>3,880,312.54</b>	<b>5,542,938.22</b>	<b>2,366,773.39</b>	<b>97,241,894.03</b>
<b>Nonrevenue receipts:</b>						
From borrowings.....	270,000.00	2,105,052.10	4,980,553.11	896,000.00	—	5,245,605.21
From other civil divisions.....	6,247.70	—	133,375.23	4,727.50	—	141,340.43
From objects of private trust.....	—	—	12,780.57	—	—	12,780.57
From sales of investments.....	16,999,894.88	98,823.82	—	7,021.49	—	17,066,820.37

From decrease of storehouse supplies	880,992.35	10,070.36				908,702.71
From offsets to outlay payments	14,589.10	670,231.30				1,995,703.74
From counterbalancing receipts	72,716.04	304.21			91,581.47	326,193.82
Total, nonrevenue receipts	18,244,040.07	2,885,481.79			91,581.47	25,692,036.67
Transfer receipts:						
Nonrecoverable transfers from other funds	4,715,897.10					
Nonrecoverable transfers from employees' retirement system	78,283.94					
Borrowings and repayments from other funds	19,391,919.45	2,187.50				
Borrowings and repayments from employees' retirement system	375,000.00					
Total, transfer receipts	24,561,102.49	2,187.50				
Total, receipts	103,701,130.87	24,433,491.46				5,963,182.27
Available cash at beginning of year	30,961,071.56	11,597,458.42				78,283.94
Grand total	137,662,802.43	36,030,949.88				20,039,546.52
						375,000.00
						26,456,014.73
						149,379,945.43
						44,344,654.69
						193,724,600.12

*Consolidated statement of operations, Territory of Hawaii and its political subdivisions, payments for the fiscal year ended June 30, 1919*

Object of payment	Territory of Hawaii	City and County of Honolulu	County of Maui	County of Hawaii	County of Kauai	Total
Governmental cost payments:						
Division of Government:						
General Government:	\$5,050,942.71	\$1,850,759.03	\$348,916.18	\$480,628.54	\$247,693.95	\$7,987,940.41
Protection	3,401,251.32	3,565,940.39	518,874.44	714,402.97	483,190.77	8,683,659.89
Highways	7,617,972.35	2,776,085.73	641,558.82	1,162,995.10	551,630.38	12,750,253.38
Development and conservation of natural resources	1,511,791.16	3,279,134.47	83,064.94	700,154.59	54,717.51	11,511,791.16
Health and sanitation	2,416,125.90	320,902.80	984,296.56	1,074,926.54	319,124.38	6,532,598.41
Hospitals and institutions for handicapped	8,040,407.74		7,939.80			10,739,628.02
Charities	7,732,865.86		41,859.30		19,708.70	7,790,515.36
Correction	1,710,555.07		240,108.87			1,868,983.83
Schools	18,510,508.57	116,569.46		612,467.24	207,187.84	21,271,833.45
Libraries	737,824.24					761,346.83
Recreation	239,395.61	2,253,470.15	85,037.46	417,637.98	23,522.59	3,105,336.19
Miscellaneous	4,936,973.42	2,168,382.31	462,118.54	407,846.02	109,794.99	8,255,215.66
Public service enterprises	3,103,624.46	4,790,641.65	333,761.34	469,254.71	172,663.72	8,875,945.88
Total	65,016,237.41	22,823,398.92	3,747,566.25	6,049,394.99	2,408,480.90	100,105,048.47
Interest	291,685.25	517,919.29	39,808.88	35,213.93		884,627.30
Total, governmental cost payments	65,307,922.66	23,341,318.21	3,787,375.08	6,084,578.92	2,408,480.90	101,989,675.77







## Territory of Hawaii, consolidated statement of operations, payments for the biennium ended June 30, 1949

Object of payment	General fund	Special funds	Revolving funds	Trust funds	Loan funds	Sinking funds	Consolidated total
<b>Governmental cost payments:</b>							
Division of Government:							
General government:							
Protection:	\$6,859,441.65	\$399,932.62	---	---	\$1,353,003.16	---	\$8,613,037.43
Highways:	2,152,603.82	3,535,313.90	\$75,755.45	---	131,947.35	---	5,895,620.52
Development and conservation of natural resources:	450,279.26	9,990,485.23	---	---	990,840.03	---	11,440,604.52
Health and sanitation:	1,781,762.04	1,042,131.65	---	---	56,713.04	---	2,880,606.73
Hospitals and institutions for handicapped:	3,535,745.88	1,279,238.28	1,131.77	---	---	---	4,816,115.93
Charities:	13,190,612.83	1,556,690.55	---	---	---	---	14,847,303.43
Corrections:	918,837.10	12,706,099.45	---	---	1,307,164.05	---	13,624,936.55
Schools:	2,664,165.87	12,175,905.00	---	---	---	---	14,840,070.87
Libraries:	30,972,756.34	4,666,279.02	---	---	310,882.99	---	35,614,841.28
Recreation:	1,180,937.54	32,643.95	---	---	575,808.92	---	1,758,390.41
Miscellaneous:	170,810.00	22,719.03	193,749.28	---	---	---	388,279.31
Public service enterprises:	3,515,931.29	4,697,630.78	554,827.91	---	---	---	8,768,389.98
Interest:	988,401.02	4,553,372.55	---	---	39,844.57	---	5,581,618.14
Total:	68,400,284.64	42,859,592.91	825,464.41	---	4,775,784.11	---	116,861,036.07
Interest:	---	626,911.00	---	---	---	---	626,911.00
Total, governmental cost payments:	68,400,284.64	43,486,413.91	825,464.41	---	4,775,784.11	---	117,487,947.07
<b>Nongovernmental cost payments:</b>							
For debt obligations:	---	---	---	---	---	---	---
To other civil divisions:	79,171.56	1,613,334.87	---	---	---	---	1,613,334.87
For objects of private trust:	---	947,372.92	---	---	1,449,480.70	---	2,476,233.58
For investments purchased:	3,372,164.75	11,364,364.45	1,238,880.90	---	---	---	17,396,410.10
For increase of storehouse supplies:	214,483.78	1,075,153.02	201,706.25	---	---	\$1,424,000.00	1,901,343.05
For counterbalancing payments:	50,008.79	1,793.62	---	---	---	---	51,804.41
Total, nongovernmental cost payments:	3,715,828.88	15,002,220.28	1,440,587.15	---	1,449,480.70	1,424,000.00	23,032,126.01
<b>Transfer payments:</b>							
Nonrecoverable transfers to other funds:	5,766,709.46	1,209,949.64	38,074.53	---	1,049.32	948,866.94	7,954,649.89
Nonrecoverable transfers to employees' retirement system:	5,590,495.07	299,023.94	---	---	---	---	5,889,519.01
Borrowings and repayments to other funds:	6,301,262.78	7,401,262.78	1,300,000.00	---	---	9,335,000.00	24,337,525.56
Borrowings and repayments to employees' retirement system:	---	---	---	---	---	---	---
Total, transfer payments:	17,868,467.31	10,655,236.36	1,338,074.53	---	1,049.32	948,866.94	39,546,694.46
<b>Total, payments:</b>	89,984,580.83	68,543,870.55	3,604,126.09	---	6,226,323.13	11,707,866.94	180,066,707.51
Available cash at close of biennium:	3,488,922.07	26,107,996.51	442,653.32	---	490,608.01	102,000.00	29,650,963.89
<b>Grand total:</b>	83,473,502.90	94,651,867.06	4,046,779.41	---	5,735,715.12	11,809,866.94	209,717,731.43

Financial operations, as indicated by the foregoing tables, show total revenue receipts for the fiscal year of \$97,231,894.03, nonrevenue receipts of \$25,692,036.67, governmental cost payments of \$100,989,675.77, nongovernmental cost payments of \$21,288,634.31, available cash at the beginning of the year of \$44,344,654.69, and available cash at the end of the year of \$42,502,943.52.

The consolidated statement of operations of the Territory (excluding its political subdivisions) shows general fund revenue receipts for the year ended June 30, 1949, of \$37,796,202.56, derived from the following sources:

**Taxes:**

Income taxes.....	\$12, 245, 294. 06
Inheritance and estate taxes.....	310, 671. 93
Poll taxes.....	12, 020. 49
Business license taxes.....	23, 149, 127. 04
Nonbusiness license taxes and permits.....	166, 245. 53
<b>Total.....</b>	<b>35, 883, 359. 05</b>
Nontaxes—rents, interest, and earnings.....	1, 912, 843. 51
<b>Grand total.....</b>	<b>37, 796, 202. 56</b>

Government cost payments for the same fiscal year totalled \$34,489,448 and comprised:

General government.....	\$3, 752, 810. 83
Protection.....	1, 132, 335. 01
Highways.....	264, 900. 15
Development and conservation of natural resources.....	912, 375. 34
Health and sanitation.....	1, 798, 090. 84
Hospitals and institutions for handicapped.....	6, 481, 371. 90
Charities.....	380, 042. 30
Correction.....	1, 366, 037. 40
Schools.....	15, 670, 955. 73
Libraries.....	721, 144. 52
Recreation.....	96, 221. 74
Miscellaneous.....	1, 280, 674. 81
Public service enterprises.....	632, 487. 43
<b>Total.....</b>	<b>34, 489, 448. 00</b>

Outstanding bonds of the Territory on June 30, 1949, totaled \$8,044,000, as compared with \$9,425,000 on June 30, 1948. No new bonds were issued during the year. Sinking fund assets for the redemption of bonds, conservatively valued at par, totaled \$840,000, leaving a net bonded indebtedness of \$7,204,000.

*Report of the treasurer.*—The treasury department combines the functions of the treasurer's office, commissioner of corporations, com-



missioner of securities, insurance commissioner, bank examiner, fire marshal, and registrar of conveyances.

*Treasurer's office.*—Cash on hand and in banks for all funds amounted to \$42,544,635.60. For security of the funds deposited in banks, there was an excess of \$436,729.27 of bonds over deposits. Investment securities owned amounted to \$9,519,000. Gross bonded indebtedness outstanding amounted to \$8,044,000, which, less sinking fund assets of \$840,000 for redemption purposes, left a net bonded indebtedness of \$7,204,000. The bonded indebtedness could be legally increased up to \$35,000,000. There were 1,409 domestic joint stock corporations, 607 domestic eleemosynary corporations, 159 foreign joint stock corporations, and 25 foreign eleemosynary corporations. Revenue receipts were \$665,023.85.

*Insurance commissioner.*—Examination of five domestic insurance companies was completed in accordance with the standards of the National Association of Insurance Commissioners. Qualification of general agents, subagents, and solicitors has continued to receive emphasis by setting separate requirements to conform to statutory standards. The scope of rate regulation broadened. A rate reduction of 20 percent was made in workmen's compensation and 15 percent in fire. There were 114 fire, 41 casualty, and 39 life-insurance companies qualified to do business. Revenue receipts for premium taxes were \$934,230.54, for filing and license fees were \$29,987.38.

*Bank examiner.*—There were 78 banks, trust companies, savings and loan companies, industrial loan companies, investment trust, and counties subject to examination. During the fiscal year 69 examinations were completed. Banks had a combined total of \$412,862,961.31 assets, and \$390,149,183.05 deposits. Bank clearings for the fiscal year totaled \$1,631,630,847.33. Trust companies had a combined total of \$17,635,359.61 assets. Savings and loan companies had a combined total of \$36,097,916.83 assets.

*Fire marshal.*—Together with fire department authorities, public safety organizations, and other protective agencies, intensive programs of supervision and fire safety inspections in schools, hospitals, orphanages, and other places of public assembly have been carried out.

*Registrar of conveyances.*—Revenue receipts were \$137,419.60. For the calendar year 1948, 29,775 documents were filed, of which 9,305 were under the land-court system. For the same period, 2,992 land-court certificates were issued.

*United States Internal Revenue.*—There was a significant decrease in the receipts of the office of the United States Internal Revenue, district of Hawaii. Total collections amounted to \$90,824,693, as compared with \$107,651,471 the previous year, a decrease of \$16,826,778.

COMMERCE AND BUSINESS—CALENDAR YEAR 1948<sup>1</sup>

*Business conditions.*—Reports of government agencies and business firms at the close of the calendar year 1948 showed business to be in a sound financial condition. The volume of business transacted in the Territory of Hawaii exceeded the billion dollar mark for the third consecutive year. Business in nearly all categories has been fairly prosperous, although strikes, taxes, and increased wages and operating costs resulted in reduced profits.

The following facts and figures provide an economic index to Hawaii's prosperity and commercial position. These data were obtained from private business firms and government agencies.

*Air transportation.*—More than 93,000 persons flew across the Pacific to or from Honolulu during 1948. The Hawaii Aeronautics Commission reports a 35 percent increase in Honolulu Airport operations.

*Banks.*—Bank clearings for 1948 were higher than for 1947 by \$105,417,847.52. Total clearings for 1948 were \$1,785,356,736, compared with \$1,679,938,888.94 in 1947.

*Building.*—The value of building in the city and county of Honolulu during 1948 totaled \$46,046,982, compared with \$35,065,902 in 1947. A total of 8,644 building permits were issued in 1948, compared with 9,107 in 1947.

*Business transacted.*—The volume of business transacted in the Territory in 1948 totaled \$1,246,884,485.21, a gain of \$45,800,766.76, or 3.81 percent over the \$1,201,083,718.45 reported in 1947. This is the highest volume figure ever recorded in Hawaii.

*Custom receipts.*—Custom receipts for this district totaled \$1,925,200.71 in 1948, compared with \$1,377,945.06 in 1947.

*Diversified crops.*—The value of diversified crop and livestock marketings in 1948, based on wholesale prices, is estimated at \$30,970,000 compared with \$27,249,000 in 1947. Of this total 70 percent or \$21,785,000 was from livestock and poultry products. Fruits, vegetables, and miscellaneous crops amounted to \$9,184,000 or 30 percent.

*Internal revenue.*—Internal revenue collections for the Territory during the fiscal year 1948 totaled \$108,177,886.66, compared with \$106,314,370.16 in 1947.

*Motor vehicles.*—There were 118,728 taxable and nontaxable vehicles registered in the Territory of Hawaii as of December 31, 1948. Of this number, 87,036 vehicles were registered on Oahu. This compares with \$98,856 motor vehicles registered in the Territory in 1947.

<sup>1</sup> Compiled by the Chamber of Commerce of Honolulu.

*New business.*—There were 39,684 business licenses issued by the tax commissioner during 1948, compared with 38,933, in 1947. The number of business licenses canceled during the year was 9,246, compared with 4,286 in 1947. The total net active licenses in effect at the end of the year was 30,438, compared with 34,647 in 1947.

*Pineapple.*—The Pineapple Research Institute of Hawaii reports that the total pack of pineapples for the fiscal year 1948 amounted to 20,322,775 cases of which 11,492,144 were pineapple and 8,893,631 were juice. The total pack for 1947 was 18,443,675 cases of which 10,236,886 cases were pineapple and 8,206,789 were juice. The pack for the fiscal year 1948 was valued at approximately \$75,000,000, compared with a \$70,000,000 pack in 1947.

*Postal receipts.*—Postal receipts at Honolulu amounted to \$3,393,747.66 in 1948, compared with \$3,656,704.77 in 1947.

*Real property.*—The gross valuation of real property totaled \$589,815,264 in 1948 compared with \$568,709,893 in 1947. Personal property was not valued for taxation in 1948 because the Territorial legislature in 1947 discontinued the personal property tax.

*Shipping.*—During 1948 a total of 860 ships from overseas ports entered and cleared Honolulu Harbor, compared with 893 in 1947. Total tonnage figures for 1948 were \$4,137,279 net tons and 6,951,233 gross tons, compared with 3,965,610 net and 6,598,071 gross tons in 1947.

*Stocks and bonds.*—The Honolulu Stock Exchange reports stocks and bonds traded in during 1948 totaling \$4,513,118.06 compared with \$5,410,904.77 in 1947. Stock sales fell off \$1,001,661.71 during 1948, while bond sales increased \$103,875. Net decrease in trading volume on the exchange was \$897,768.71.

*Sugar.*—Sugar remained the largest industry in 1948, providing two out of every five dollars of produced wealth in the Territory. Production of sugar for the year totaled some 835,107 tons of 96-degree raw sugar, compared with 872,187 tons in 1947. The 1948 sugar crop was valued at approximately \$101,300,000 compared with \$108,439,000 in 1947.

*Tourist industry.*—Hawaii's third basic industry is the tourist business. The Hawaii Visitors Bureau reports 41,964 tourists visited the islands during 1948, exceeding by 10,000 any prewar year. These visitors spent approximately \$35,000,000.

*Tax collections.*—Tax collections in the Territory in 1948 from all sources reached an all-time high of \$64,222,879.64, or nearly \$10,000,000 above the 1947 total of \$54,240,090.87.

*Utilities.*—The Hawaiian Electric Co., Ltd., had 67,010 consumers and a total delivery of 494,404,760 kilowatt-hours in 1948, compared



with 62,118 consumers and delivery of 460,256,365 kilowatt-hours in 1947.

The Honolulu Gas Co., Ltd., had 36,556 meters in service in 1948, compared with 35,872 in 1947. The sale of gas to consumers during 1948 was 2,302,052,100 cubic feet, compared with 2,220,763,500 cubic feet in 1947.

The Mutual Telephone Co. had 56,631 telephones in service in Honolulu and 7,149 in rural Oahu at the end of 1948, compared with 50,260 telephones in service in Honolulu and 7,199 in rural Oahu in 1947.

*Wages, salaries, dividends.*—Wages and salaries paid in the Territory during 1948 rose to a record breaking total of \$440,911,570, or \$2,025,264.50 above the 1947 total of \$438,886,305. Dividends totaled \$32,530,163.50 in 1948, or \$3,185,460 above the 1947 figure of \$29,344,703.50.







